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Vol I No 043 5 March 1986

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## FOREIGN MINISTRY SPOKESMAN HOLDS WEEKLY BRIEFING

### Gorbachev Report, Arkhipov Visit

OW051038 Beijing XINHUA in English 1030 GMT 5 Mar 86

["Chinese Foreign Ministry Spokesman on Gorbachev's Report" -- XINHUA headline]

[Text] Beijing, March 5 (XINHUA) -- China will pay attention to and study the part on foreign affairs in the report made by General Secretary Mikhail Gorbachev at the 27th Soviet Communist Party Congress. A Chinese Foreign Ministry spokesman said that it was a detailed exposition of the Soviet foreign policies.

Speaking at a weekly news briefing here this afternoon, the spokesman commented that the statement on the Soviet-U.S. relations shows the great differences between the two sides. "Gorbachev reiterated the Soviet policy towards China, the content of which is familiar to us," he added.

Answering a question about Ivan Vasilyevich Arkhipov's coming visit to China, the spokesman said the first vice-chairman of the Council of Ministers of U.S.S.R., will come to China as the Soviet chairman of the Sino-Soviet Commission on Economy, Trade, Science and Technology to attend the first regular meeting of the commission. The specific date of his visit has not been decided yet, he added.

### Macao Issue

OW051056 Beijing XINHUA in English 1019 GMT 5 Mar 86

[Text] Beijing, March 5 (XINHUA) -- China will send Cui Yueli, minister of public health, as special envoy of President Li Xiannian, to attend the inaugural ceremony of Portuguese President-elect Mario Soares. This was announced by a Foreign Ministry spokesman at a weekly news briefing here today. He said the invitation was from the Portuguese president-elect. Cui will be accompanied by Zhou Nan, vice-minister of foreign affairs, at the ceremony to be held on March 9, the spokesman added.

Answering a question on Macao, the spokesman said the Macao question between China and Portugal was left over by history, and the Chinese Government had always maintained that it should be solved through peaceful negotiations at a proper time. He stated that China and Portugal had reached an understanding of principle on the Macao question when the two countries established diplomatic relations in 1979. During his visit to China last May, Antonio Ramalho Eanes, then Portuguese president, and Chinese leaders decided to hold talks in the near future on resolving the question of Macao through diplomatic channels, which was written in a press communique. The spokesman also expressed his confidence in a satisfactory solution of the question. He said that Macao would maintain social stability and continued development of economy.

### Soviet Skyjacker Can Appeal

OW050954 Beijing XINHUA in English 0944 GMT 5 Mar 86

[Text] Beijing, March 5 (XINHUA) -- A Foreign Ministry spokesman said here this afternoon that the Soviet hijacker who was sentenced to eight years of imprisonment in Harbin on Tuesday will enjoy all rights provided for by the Chinese law. Responding to a correspondent's question, he said at the weekly briefing that these include the right for the hijacker to appeal to a higher court. But he declined to say whether the Soviet hijacker had made an appeal.

Over the question of extradition, the spokesman said "under the conventions of suppression of unlawful seizure of aircraft, of which China is a contracting state, the state in the territory of which the alleged criminal is found has the right to initiate a public prosecution against the criminal and adjudicate the case if it does not extradite him." It is precisely on these grounds that China has exercized its judicial jurisdiction over the case, he said.

### New Zealand's Lange To Visit

OW050850 Beijing XINHUA in English 0847 GMT 5 Mar 86

[Text] Beijing, March 5 (XINHUA) -- David Lange, prime minister of New Zealand, will pay an official visit to China from March 22 to 29. This was announced here this afternoon by a spokesman of the foreign ministry at the weekly news briefing. Prime Minister Lange will come at the invitation of Chinese Premier Zhao Ziyang, he added.

### Deng's Health

HK051202 Beijing XINHUA HONG KONG Service in Chinese 1136 GMT 5 Mar 86

[Text] Beijing, 5 Mar (XINHUA) -- At a news briefing this afternoon, a spokesman for the Foreign Ministry refuted rumors in Hong Kong's newspapers about Deng Xiaoping's health. According to this spokesman, Chairman Deng Xiaoping is in excellent health. On 8 February this year he was in Chengdu celebrating the Spring Festival with the local people. The television stations had reported this fact. The reports in the Hong Kong newspapers about his health are complete inventions.

## NO PROGRESS IN FOURTH ROUND OF GENEVA ARMS TALKS

OW041650 Beijing XINHUA in English 1643 GMT 4 Mar 86

[Text] Geneva, March 4 (XINHUA) -- The United States and the Soviet Union concluded the fourth round of the arms talks here today amid accusations by each side that the other is blocking progress.

The seven-week-long session ended with a plenary meeting at the U.S. arms control offices. U.S. and Soviet chief negotiators and their aides attended the 90 minute meeting. Afterward, Soviet Chief Negotiator Viktor Karpov said, "There was no positive response by the American side" toward Soviet proposals. Max Kampelman, head of the U.S. delegation, told reporters before the session that the round had seen some progress, "but it's slow."

The talks began on March 12, 1985, and have been divided into negotiating groups on defense and space weapons, medium-range nuclear forces and long-range, or strategic, nuclear weapons. The talks will resume on May 8. No substantial progress has been made in the last three rounds of talks because of different stands on the U.S. Strategic Defense Initiative program and other arms issues.

## RENMIN RIBAO ON CURRENT FRG-GDR RELATIONS

HK030917 Beijing RENMIN RIBAO in Chinese 25 Feb 86 p 7

["Roundup" by Fang Xiangsheng: "Relations Between the Two Germanys as Seen From Sindermann's Bonn Visit"]

[Text] On 22 February Horst Sindermann, president of the Presidium of the GDR People's Chamber, concluded his visit to the FRG, which was regarded as "an important step in developing relations between the two Germanys." He is the highest-ranking GDR official to visit the FRG so far. For this reason, it has attracted people's attention.

Sindermann arrived in Bonn on 19 February at the invitation of the German Social Democratic Party's federal parliamentary group. During his 4-day visit, he met with important officials from both the ruling and opposition parties in the FRG, including Chancellor Helmut Kohl, National Assembly President Philipp Jenninger, and the Social Democratic Party's parliamentary group leader Hans-Jochen Vogel, and exchanged views on various issues, such as East-West relations, disarmament, and peace in Europe. Both parties discussed the possibility of further developing bilateral relations and explored such issues as the establishment of official parliamentary relations. They also decided through consultation that the visit to the FRG by GDR leader Erich Honecker, which had been postponed on several occasions, would "be made at a time suitable for both parties."

In recent years, under the influence of East-West relations as a whole, relations between the two Germanys have proceeded unevenly. Nevertheless, they have "stood the test of the foul international political climate" and have developed markedly. Politically, the leaders of the two countries have taken advantage of international occasions to make high-level contacts. Mutual visits by politicians from the two countries have also become more frequent. Last year alone, eight important FRG political figures visited the GDR. They included Willy Brandt, Franz-Josef Strauss, former Chancellor Helmut Schmidt, and Economics Minister Martin Bangermann. On the GDR side, three members of the Politburo of the German Socialist Unity Party, including Guenter Mittag and Hermann Axen, also visited the FRG on separate occasions. Economically, cooperation and trade relations between the two Germanys have developed considerably. Take trade for example. In 1985 the trade volume between the two countries reached DM17 billion, topping all previous records. This represented an increase of more than 200 percent over the trade volume in 1971, before the Basic Treaty between the two countries was signed. Moreover, they are also expected to reach agreement shortly on the signing of a cultural agreement and an environmental protection agreement and on talks to establish the first friendly city relationship between the cities of Saarlous and Eisenstungstadt.

The two Germanys have different social systems and belong to different alliances. Their views on international and bilateral issues are not quite the same. What has drawn them nearer and made them cautiously develop bilateral relations?

First, both want to stabilize and ease the situation in Europe. In recent years, the intensified arms race between the two superpowers has prompted the GDR and the FRG, situated as they are in forward positions in the confrontation between two major military blocs, to cherish a common demand or aspiration to safeguard their own security and European peace and stability. In his talk, GDR leader Honecker pointed out: "If there is a 'common basis,' it is that the citizens of both the GDR and the FRG are interested in preserving peace in central Europe and hope for a peaceful future for themselves and their descendants." For this reason, both parties unanimously held that "relations between the two Germanys should not add to the burden of the European situation but should encourage European countries to coexist in peace and mutual trust, and that they "assume a special responsibility" for the elimination of war and are ready to take "unanimous action" to this end. The FRG is likewise concerned about this.

Second, both parties have an urgent need to expand economic exchanges. Next April, the German Socialist Unity Party will hold a meeting to discuss and approve the next 5-Year plan (1986-90). Developing economic and trade relations with the FRG will be beneficial to the fulfillment of the plan. In West Germany, some 6,500 enterprises depend on economic cooperation with the GDR. Expanding economic exchanges between the two countries will be able not only to ease pressures on the labor market, but also to cater to the aspirations of the voters for detente and increased contacts with the GDR. Undoubtedly, this has a great appeal for the ruling parties, which will face a general election early next year.

Naturally, the development of bilateral relations will still be unable to cast off the influence of East-West relations as a whole and to throw off the restriction of a strategic situation in which the two countries belong to different military blocs. However, the current momentum of increased contact between both parties will still continue.

## DEVELOPING COUNTRIES MEET ON TRADE PROTECTIONISM

OW041100 Beijing XINHUA in English 1038 GMT 4 Mar 86

[Text] Beijing, March 4 (XINHUA) -- More than 120 officials and representatives from 23 developing countries, regions and international organizations gathered here today to coordinate their positions on trade protectionism as practiced by the developed countries. Textiles and clothing are major export commodities of developing countries and play an important role in the development of their economy. However, some major developed countries have adopted discriminatory and restrictive policies for importing textiles and clothing from the developing countries. Moreover, they have intensified such policies in the past few years, which have seriously affected the trade and economy of developing countries.

Chinese minister of foreign economic relations and trade, Zheng Tuobin, said at the opening ceremony that the developed countries have applied restrictive measures against the textiles from developing countries while not restricting those commodities from other developed countries. The United States is the most serious example. Since 1983, he said, the United States has applied protectionist measures on textiles imports from developing countries and areas. As a result, its imports from developed countries rose by a large margin while imports from developing countries increased by only one percent during the first 11 months in 1985. At present, 80 percent of all U.S. imports from developing suppliers are under restrictions. This practice militates against fairness and equity and will widen the gap between the rich in the north and the poor in the south and erode prospects for growth and stability in the world economy. Liberalization of international trade in textiles can be achieved only through the unity and determination of developing countries to fight against all forms of protectionism, he added.

Shen Jueren, head of the Chinese delegation and assistant minister of foreign economic relations and trade, was elected as chairman of the meeting, and Felipe Jaramillo, head of the Colombian delegation, was named vice-chairman. The four-day discussions started after the opening ceremony. Also attending the meeting were representatives from the United Nations Conference on Trade and Development, General Agreement on Tariff and Trade, and International Textiles and Clothing Bureau.

## SOVIET SKYJACKER SENTENCED TO 8 YEAR PRISON TERM

OW050732 Beijing XINHUA in English 0725 GMT 5 Mar 86

[Text] Harbin, March 5 (XINHUA) — The co-pilot of a Soviet passenger aircraft, who hijacked the plane and landed it in northeast China in December, was sentenced to eight years of imprisonment by a court here on Tuesday.

Alimuradov Shamil Gadji Ogly was sentenced by Harbin Intermediate People's Court on charges of "unlawful seizure of an aircraft" in accordance with the criminal law of the People's Republic of China. On December 19, 1985, he hijacked to western Heilongjiang Province a Soviet AN-24 aircraft on a domestic flight. Chinese authorities returned the 42 passengers and crew members and the aircraft to the Soviet Union. On February 23, the People's Procuratorate of Harbin brought a public prosecution against the co-pilot.

## TASS EXPRESSES DISAPPOINTMENT OVER GENEVA TALKS

OW041917 Beijing XINHUA in English 1910 GMT 4 Mar 86

[Text] Moscow, March 4 (XINHUA) -- The fourth round of the Soviet-American talks on arms control in Geneva failed to reach "concrete points of contact" and the U.S. side should take the blame for this. a TASS commentary said today.

The commentary said the U.S. proposals on strategic nuclear armaments do not correspond to the principle of equality and equal security. Should these proposals be accepted, they would mean not a reduction, but a buildup of these weapons. On medium range missiles, the American Administration's latest statement is actually reduced to the rehash of the "zero option," with additional conditions and demands that make them even more unacceptable, TASS added. On the outer space weapons, TASS commented, the American side did not say anything, attempting to exclude the issue from the talks.

The commentary urged the United States to show a new attitude on the issue. The fourth round of Geneva talks started on February 16, and ended today. The two sides decided to meet again on May 8.

## PRIME MINISTER RYZHKOV OUTLINES ECONOMIC GOALS

OW031928 Beijing XINHUA in English 1912 GMT 3 Mar 86

[Text] Moscow, March 3 (XINHUA) -- Soviet Prime Minister Nikolay Ryzhkov today outlined the country's economic goals for the next 15 years and cited economic restructuring and broader international cooperation as a must for spurring the sluggish Soviet economy.

Addressing the 27th Soviet Communist Party Congress, which is now in its second week, Ryzhkov said that in the next 15 years the central issue of the economic policy will be to reach a higher economic growth rate. He envisaged that by the year 2000 the country's national income and industrial output will both double their present volumes, and labor productivity will rise by 130-150 percent to attain the world's top level. As for the coming five years, Ryzhkov said the national income will increase by 60 percent, reaching 614 billion roubles by the year 1990.

He told the congress that "unfavorable tendencies that surfaced in economic development in the 1970s grew sharper in the early 1980s rather than relaxing." As a result, the Soviet Union failed to fulfil the targets set in the past three five-year plans. He attributed the poor economic performance to the lack of "due persistence" in using scientific and technological advances and in restructuring the national economy and management systems in line with the demands of the time. He emphasized that perfecting the entire system of economic management is of major political significance as well as enormous economic importance. He noted that the guiding principle in this regard is to improve the central control over economic planning while expanding the decision-making powers of the enterprises.

Ryzhkov, who became premier five months ago, noted that one of immediate tasks is to introduce new methods of management in all branches of the economy. Enterprises, which have been experimenting [with] the new management system, are now turning out half of the total industrial products and as from 1987 all industrial and transport enterprises will operate on these principles, he declared. The speaker also said that advancing scientific and technological progress is another major task. In the coming five years, he added, the Soviet Union will expand the application of advanced technologies by 50 to 100 percent while the level of automation in the national economy will double on the average and the number of industrial robots is to be trebled.

In budget layout, Ryzhkov said that one third of all capital investment will be allocated to the agro-industrial complexes and grain and meat outputs will rise to 250-255 million tons and 21 million tons respectively in 1986-1990. The head of the Soviet Government stressed the urgent need for an "energetic expansion" of economic, scientific and technological contacts with other countries, particularly large-scale co-production with Soviet allies in Eastern Europe. He also noted that his country wished to broaden its economic ties with developed capitalist countries not only in trade but also in scientific and financial fields. Moscow reportedly planned to attract Western companies to participate in Soviet construction projects and contracts of this nature involving billions of roubles are under negotiation.

## PAPER COMMENTS ON DPRK OLYMPIC GAMES PROPOSAL

OW050912 Beijing XINHUA in English 0852 GMT 5 Mar 86

[Text] Beijing, March 5 (XINHUA) -- Today's Chinese sports paper TIYUBAO carried an article by its commentator on the proposal for the joint staging of the 24th Olympic Games by the two sides of Korea put forward by the Democratic People's Republic of Korea (DPRK) to the International Olympic Committee last year. Entitled "A Proposal That Deserves Serious Attention", the article says that the International Olympic Committee decided at its 84th session in 1981 that the 24th Olympic Games be held in Seoul, South Korea, in 1988. After the announcement of the decision, the DPRK Olympic Committee put forward a proposal on July 30 last year to the International Olympic Committee for the joint staging of the 24th Olympic Games by the two sides of Korea, and suggested that a unified team be formed together with the South side of Korea to the Olympic Games.

Therefore, under the chairmanship of the International Olympic Committee, the representatives of the Olympic Committees of the North and South sides of Korea held two talks between October 8 and 9, 1985, and between January 8 and 9, 1986, in Lausanne, Switzerland, on the joint staging of the 24th Olympic Games in 1988. According to the International Olympic Committee, headways had been made in these talks which would be resumed in June this year.

The article points out: "The Chinese Government and people have all along supported the Korean people's just struggle for the independent and peaceful reunification of the fatherland and highly appraised all the efforts made by the DPRK Government to realize this lofty national aspiration. We maintain that if the proposal put forward by the DPRK Olympic Committee for the joint staging of the 24th Olympic Games by the North and South sides of Korea and the formation of a unified team can be realized, it will help further ease the situation in the Korean peninsula and will also be conducive to the peaceful reunification of the Korean nation and the solution of the problems and difficulties that confront the Olympic movement. In its letter to Juan Antonio Samaranch, president of the International Olympic Committee, on September 19, 1985, the Chinese Olympic Committee expressed its hope that the International Olympic Committee would bring the Korean proposal into positive and serious consideration and that positive results would be achieved in the promotion of the joint staging of the 24th Olympic Games by the North and South sides of Korea. This is also the common aspirations of the Chinese sports workers as a whole."

The article concludes: "Now, some problems should be further consulted and solved before agreement can be reached. It is our hope that greater efforts would be made by the parties concerned in order to enable the talks to make still more positive results. It is also our fervent hope that the 24th Olympic Games will truly be a grand sports gathering in the interest of the peaceful reunification of Korea, the development of the Olympic spirit, the enhancement of friendship among the people the world over and the stimulation of the sound development of physical culture and sports".

## JAPANESE BANK OPENS OFFICE IN GUANGZHOU

OW041851 Beijing XINHUA in English 1846 GMT 4 Mar 86

[Text] Guangzhou, March 4 (XINHUA) -- Tokai Bank, one of the key Japanese banks, opened an office in this capital of Guangdong Province today. This is the 11th Japanese bank office or the 17th foreign banking representative office in Guangzhou.

Tokai has offices in Beijing and Shanghai.

## XI JIATUN FETES HONG KONG GOVERNOR YOUDE

OW041910 Beijing XINHUA in English 1902 GMT 4 Mar 86

[Text] Hong Kong, March 4 (XINHUA) -- Remarkable and encouraging results have been achieved in the work of Sino-British Joint Liaison Group and the Land Commission, as well as in the cooperation in other fields, said Director of the Hong Kong branch of XINHUA NEWS AGENCY Xu Jiantun at a banquet for Hong Kong Governor Edward Youde here tonight. In his toast, Xu said that both sides have exerted great efforts in the implementation of the Sino-British joint declaration in the past year. This year, he said, "General Secretary Hu Yaobang will visit Britainand her majesty the queen will come to China for a visit. I believe their visits will open a new chapter in the annals of the relations between the two countries, and our two sides will certainly be able to cooperate closely in the process of implementing the Sino-British joint declaration."

In reply, Youde said that in the past year "Much has happened to strengthen the relations between us. The first steps along the road of implementing the joint declaration have been taken. I look forward to developing this cooperation in the coming year. There will doubtless be new challenges. We shall meet them with confidence," he said. He also said the Hong Kong Government will continue to do its best to provide the best environment in which Hong Kong can flourish, and for the full and faithful implementation of the joint declaration.

## MANAGER OF CHINA RESOURCES CO. DISCUSSES FUTURE

HK040947 Beijing XINHUA Hong Kong Service in Chinese 1344 GMT 28 Feb 86

[Text] Hong Kong, 28 Feb (XINHUA) -- Tong Zhiguang, newly appointed general manager of the Hong Kong China Resources (Holding) Co. Ltd., told a XINHUA reporter in an interview today that to keep up with the new situation in Hong Kong in transition, the company's operational orientation would be: having its feet firmly planted in Hong Kong, relying on the mainland, and marching on the world.

According to Tong Zhiguang, China Resources (Holding) Co. Ltd. will focus its attention on the following key tasks in 1986:

1. As the priority task is to assist mainland China in promoting exports to Hong Kong, the company will make great efforts to raise export volume. It will make full use of and improve the existing sales channels, thus doing a good job in exporting raw materials for industry, cereals, oil, foodstuffs, light industrial products, and textiles. This is beneficial to both industrial development and the people's livelihood in Hong Kong.

2. The company will help mainland China to improve product quality, upgrade its products, and replace old products with new ones. The company will also make fuller use of the favorable conditions of Hong Kong as a financial, technological, and trade center to initiate investment projects in mainalnd China as well as in Hong Kong. In this connection, the company will have to raise funds, introduce technology, and import equipment to produce marketable export commodities. This goal can be fulfilled in various flexible ways, such as compensation trade, joint management, or direct investment.

3. The company will develop its business in the international market by various means. It will set up plants equipped with advanced technology in Hong Kong, so as to raise the export volume of Hong Kong-made products and increase their competitive power in the international market. Attention is to be concentrated on the development of the food, textile, and other light industries.

More facilities will be installed in Hong Kong to expand the trade between Hong Kong and mainland China. The Cheung Sha Wan pier and warehouse project, involving an investment of more than HK$200 million is now under construction and is expected to be completed next year; and the second Shatin cold storage, which is under construction, will be inaugurated in July this year. The company will also actively explore markets abroad. A transnational company in Singapore jointly run by the company and local interests will soon be inaugurated; while intensive preparations are being made for establishing in Atlanta in the United States the second transnational company affiliated to China Resources (holding) Co. This will be an all-round import-export company. A shopping complex will also be specially built to promote Chinese products. Planning to set up more transnational companies, China Resources (Holding) has sent fact-finding groups to a few cities in the United States, Toronto, Canada, London, England, the Middle East, and Southeast Asia to investigte and make feasibility studies.

Tong Zhiguang pointed out that Hong Kong is traditionally the mainland's major market and important source of foreign exchange. The revenue in foreign exchange drawn from Hong Kong accounts for one-fourth of China's total export revenue every year. Therefore, exports to Hong Kong are of great importance to the economic development of China, as well as to the prosperity and stability of Hong Kong.

According to statistics compiled by China's Ministry of Foreign Economic Relations and Trade, the mainland's exports to Hong Kong totaled U.S.$5.255 billion in 1985. Although the 1985 export volume was slightly lower than that for 1984, it was satisfactory as Hong Kong was affected by the worldwide slow-down of economic development, said Tong Zhuguang. One the other hand, 9 out of the 10 major export markets for Hong Kong products shrank in 1985. The China market, which witnessed a considerable growth was the only exception. Today mainland China has become the second largest market for Hong Kong products. Thus it can be seen that the economic relations between Hong Kong and the mainland will become closer and closer and will be developing in a mutually beneficial manner.

## HAYS ON SOVIET MILITARY BUILDUP IN CAM RANH BAY

OW041657 Beijing XINHUA in English 1648 GMT 4 Mar 86

[Text] Bangkong, March 4 (XINHUA) -- Commander-in-chief of the U.S. Pacific Command Admiral Ronald J. Hays complained here today that the Soviet Union has converted Vietnam's Cam Ranh Bay into a major support and operation base for its Navy and Air Force. He told a news conference that there are 20-25 Soviet warships, 12-14 MiG-23s and 14-16 bombers in Cam Ranh Bay. He said the United States considers the Soviet deployment a significant development. He said that the United States has concerns "first and foremost" about the changes that are occurring in the Soviet military structure. "There are rather dramatic changes within the last 12 or 18 months, not in the size of the Soviet Armed Forces, but so much in the quality improvement of those forces in the Pacific theatre," he added.

Hays arrived here on March 2 for a three-day official vist. This is his first visit to Thailand since he assumed the current post in September last year. He had met Thai military leaders and discussed the security problem with them.

## MALAYSIAN MINISTER MEETS CCPIT DELEGATION

OW041318 Beijing XINHUA in English 1309 GMT 4 Mar 86

[Text] Hong Kong, March 4 (XINHUA) -- Malaysian Trade and Industry Minister Tengku Razaleigh Hamzah said today he hoped China would buy more Malaysian goods especially manufactured items. He made the remark after his meeting with the visiting 17-member delegation from the China Council for Promotion of International Trade (CCPIT) in Kuala Lumpur, the Malaysian news agency BERNAMA reported.

He also expressed the hope that there would be more direct trade between Malaysia and China. He urged the Chinese delegation to appoint local agents in order to establish better trade relations between the two countries and also to make more use of Malaysian ports.

The Chinese delegation, comprising members with extensive influence on the economy of China, is in Kuala Lumpur as a follow-up to the special economic mission to China by the Malaysian Joint Chamber of Commerce in October last year. An agreement for cooperation in trade and economy between Malaysia and China was signed during Prime Minister Dr. Mahathir Mohamad's visit to China in November last year.

The visit of the CCPIT mission is to discuss the implementation of the terms in the agreement particularly those involving direct trade. The delegation will visit local manufacturers interested in developing economic relations with China.

## LAUREL RECEIVES PRC DELEGATION IN MANILA

OW051004 Beijing XINHUA in English 0947 GMT 5 Mar 86

["Relations Between Philippines and China To Be Strengthened" -- XINHUA headline]

[Text] Manila, March 5 (XINHUA) -- Vice-President and Prime Minister of the Philippines Salvador Laurel said today he would like to see closer relations between the Philippines and the People's Republic of China. Laurel, who is also foreign minister, made the remark this morning when he recieved Chinese Minister of Culture Zhu Muzhi and his party at the Foreign Ministry. The Chinese Government cultural delegation led by Zhu Muzhi, the first foreign delegation to visit the Philippines since the new government assumed office, arrived here yesterday at the invitation of the Philippine Foreign Ministry to sign the executive program of the cultural agreement between the two countries for 1986 and 1987.

Laurel emphasized that the new Philippine Government would attach special importance to relations with Asian neighbors, especially the People's Republic of China. "The Philippine people and the Chinese people have never been enemies at all. So there is no reason why we should not be close friends," he added. Laurel said the Philippines recognizes only one China and he would work hard towards that direction. Responding to Zhu Muzhi's invitation to him to visit China, Laurel said, "I look forward to visiting China in the near future."

Zhu Muzhi, on behalf of Chinese Prime Minister Zhao Ziyang, conveyed to Laurel and through him to President Aquino the Chinese Government's sincere desire to develop the relations between the two countries. The strengthening of relations in political, economic and cultural fields between China and the Philippines is not only in the interests of the two countries, but also conducive to peace and stability in Southeast Asia, he said.

## LIAOWANG ON POST ELECTION IN PHILIPPINES

HK041034 Beijing LIAOWANG in Chinese No 8, 24 Feb 86 p 7

["Special Dispatch" from Manila by contributing correspondent Chen Jiayong: "Political Situation in the Philippines After the Presidential Elections"]

[Text] The Philippine Batasang Pambansa has officially announced the result of the Philippine presidential elections.

Presidential candidate Marcos and vice presidential candidate Tolentino representing the ruling party have won the election. So, this important event in the Philippines' political life which has been the focus of world attention has come to an end.

However, the acute and complicated struggle evoked by the elections is far from ending. The opposition factions have already publicly declared that they will not recognize this result announced by the Batasang, and warned that they are going to launch mass demonstrations throughout the country to protest against the massive fraud that the ruling party practiced in the presidential elections. As the opposition's protest and the masses' grievances will make the political situation in the Philippines after the election more turbulent, Marcos will be faced with a more complicated situation.

The Philippine presidential elections were held on 7 February, 1 and 1/2 years ahead of the election date set by the Constitution. The Constitution stipulates a 6-year term for the presidency. Marcos' term of office should expire in 1987 since he was last reelected president in 1981. However, the political and economic crisis has been worsening daily in the Philippines since the assassination of former opposition leader Aquino in 1983, and those who are discontented with the Marcos regime have unremittingly launched demonstrations urging Marcos to step down. Under the impact of the mass movement at home and of external pressures, especially pressure from the United States, Marcos after some hesitation was finally forced to agree to move up the date for the presidential elections. Now that the elections are over, with Marcos retaining his post and various contradictions untouched, the confrontation between the disappointed and irritated masses and the government has become more and more acute. Opposition leaders and the influential Catholic Church have publicly called on the people to wage protests and to struggle. On 16 February, in the capital Manila, the opposition factions held a mass rally in which hundreds of thousands of people participated. There is a tendency for protests in this form to spread to other cities throughout the country. The military estimates that the situation which has become more tense after than during the elections may burst into violent conflict at any time.

The United States has shown great concern for the current Philippine presidential elections. Hundreds of American reporters have been sent to the Philippines especially to cover the Philippine presidential elections. U.S. President Reagan sent a special envoy to the Philippines twice, both before and after the election, to meet Marcos and representatives of the various factions. During the elections, the United States even sent an enormous delegation of observers, all of whom reported directly to Reagan information about the Philippine presidential elections.

Newspapers have revealed that due to long-standing differences of opinion on the Marcos regime within the U.S. Government, the United States' policy toward the two major factions in the Philippines has shown contradictions and wavered in the course of the elections. During the earlier period, the United States was obviously in favor of the opposition and against Marcos, although it had cautiously left some margin. U. S. Government officials repeatedly emphasized that the elections had to be fair and free. Their remarks, actually a warning to the Philippine Government, aroused criticism from some high-ranking Philippine officials and ruling party leaders against U.S. intervention in the internal affairs of the Philippines. Perez, a member of Parliament and Presidential special assistant on political affairs, even suggested that the U.S. ambassador to the Philippines be declared persona non grata.

On 11 February, President Reagan suddenly talked about the issue of the Philippine elections, claiming that the United States would support the Marcos administration.

Reagan emphasized that the United States' first consideration is to retain its military bases in the Philippines rather than the so-called fraud in the elections. Reagan also advised Mrs Aquino to cooperate with the government and stop waging demonstrations in the street. He said that the United States was glad to see the development of a two party system in the Philippine presidential elections, and so on. The change in the Reagan administration's stand has been described by the Philippine press as a "180-degree turn."

Reagan's suggestion was turned down by Mrs Aquino, who criticized it as a "shortsighted and selfish" act. It is reported that Reagan's speech has aroused strong opposition and an anti-U.S. wave among the Philippine people these days. Many people in the United States disagree with Reagan also. The U.S. Government originally hoped that the Philippine ruling party would join forces with the "moderate faction" of the opposition, so as to isolate and weaken the left wing and to stabilize the current situation. Quite unexpectedly, however, the U.S. Government has offended both sides. Now Reagan has sent Habib as his special envoy to the Philippines on a lobbying and fact-finding trip. The Philippine mass media predict that Habib's trip is very unlikely to be successful. Meanwhile, Reagan issued another statement on 15 February, condemning the Philippine ruling party for its fraudulent practices in the presidential elections. It seems that he wanted to show that the United States was supporting Marcos with certain reservations, a gesture to soothe the opposition.

Although Marcos has not yet assumed office, he is being faced with strong pressures at home and abroad. Therefore, on the one hand, he has shown his intention to be reconciled with the opposition and to adopt a tolerant policy toward them, on the other hand, he has promised the Philippine people many reforms. As the first step toward alleviating the antagonism among the people, he has let General Ver, chief of staff of the Armed Forces who has been linked to the murder of Aquino, resign from his post. Marcos also announced that he planned to set up a "council of state" to accommodate Mrs Aquino; and that the new cabinet would deal with the current economic crisis as a priority task. Philippine economists predict that the economic situation in the Philippines is unlikely to improve this year if the political situation continues to be unstable. It appears that the Philippine political situation, which has been turbulent for more than 2 years, will remain turbulent for a certain period in the future.

## LUGAR STATEMENT ON U.S.-PHILIPPINES TIES

HK040513 Beijing International Service in Tagalog 1130 GMT 3 Mar 86

[Text] In Washington, Senator Richard Lugar, chairman of the U.S. Senate Foreign Relations Committee, said the conditions for establishing long-term and satisfactory relations between the United States and the new Philippine Government are favorable. Speaking to reporters, Lugar repeated State Secretary George Shultz' declaration to the U.S. Congress that a democracy in the Philippines and friendly attitude of the people are important conditions to enable the continued maintenance of Clark Air Base and Subic Naval Base in the country. Lugar also said that it is natural that President Corazon Aquino should want to have an option over the base treaty after 1991.

## MORE PHILIPPINE SUPREME COURT JUSTICES RESIGN

OW041854 Beijing XINHUA in English 1847 GMT 4 Mar 86

[Text] Manila, March 4 (XINHUA) -- Five justices of the Philippine Supreme Court today submitted their resignations to President Corazon Aquino, bringing the number of resignations from the Supreme Court to six, the PHILIPPINE NEWS AGENCY reported. The high court consists of 15 justices, but only 13 positions were filled. Meanwhile, 23 of the 38 justices of the Intermediate Appellate Court here today also handed down their courtesy resignations to President Aquino.

Upon taking her oath as Philippine President, Mrs. Aquino called on all appointed public officials to submit their courtesy resignations, beginning with members of the Supreme Court.

Executive Secretary Joker Arroyo said earlier the Supreme Court under the Marcos administration did not protect people from oppressive decrees and had upheld the power of Marcos to issue oppressive orders, which caused arbitrary arrest and detention of dissenters to his rule.

In the last two days, hundreds of people held rallies in front of the Supreme Court, asking the justices to resign immediately. However, most of the Supreme Court justices and some other officials defied President Aquino's call for their resignations. Some of them even organized demonstrations to press for their retention.

## PHILIPPINES TO PURSUE MARCOS' 'ILL-GOTTEN WEALTH'

OW041611 Beijing XINHUA in English 1558 GMT 4 Mar 86

[Text] Manila, March 4 (XINHUA) -- The Philippine Government will pursue the recovery of all ill-gotten wealth stashed away by former President Ferdinand Marcos and his cronies. It was announced at a press conference here today by Jovito Salonga, chairman of the Presidential Commission on Good Government. He said this is one of the three tasks entrusted to the commission. Salonga said the other two tasks are the investigation of cases of graft and corruption, and the adoption of safeguards to ensure no such evil practice be repeated in the new government.

He said his commission is now collecting documents of the alleged 5 to 10 billion U.S. dollars of Marcos' illegally acquired wealth at home and abroad. He said the ill-gotten wealth included all business enterprises and entities owned or controlled by Marcos and his immediate family members, relatives, subordinates and close associates, whether located in the Philippines or abroad. The commission expected cooperation from governments of the foreign countries where Marcos and their relatives and friends have bank deposits and investments.

Salonga said he met this morning with U.S. Special Envoy Philip Habib, U.S. State Department Chief of Philippine Desk John Maisto, and U.S. Ambassador Stephen Bosworth and discussed how the U.S. Government can cooperate in recovering all those illegal wealth. He said the commission also made representations to the U.S. Government so that it can take into custody papers, documents, assets and all kinds of properties acquired illegitimately by Marcos and his group.

He said the commission is in close cooperation with Central Bank of the Philippines which is also taking steps to recover the illegal wealth. Governor of the Central Bank Jose Fernandez said yesterday he had asked the state and federal courts of Hawaii to confiscate the assets illegally taken out by Marcos when he left the country last week.

## SOVIETS HAVE FINAL SAY IN AFGHAN JUDICIARY

OW040838 Beijing XINHUA in English 0825 GMT 4 Mar 86

[Text] Islamabad, March 4 (XINHUA) -- Trial by judge in Afghanistan is only a formality and the Afghan judge there has no authority to fix the punishment, the Peshawar-based fortnightly AFGHAN REALITIES quoted a former Afghan prisoner as saying. Atiqullah, 34, a former prisoner in Pule Charkhi Prison of Kabul, said that the term of imprisonment is awarded by the attorney in consultation with the Russian adviser.

The former Afghan prisoner is a graduate of the faculty of engineering at Kabul University. He had spent five years in Pule Charkhi Prison and served for over five months as a guard in a military school in Kabul before he deserted to Pakistan in mid-January this year. He said he was arrested during a sudden house-search on the night of August 15, 1980 and was sent to prison without any sentence by the court. "During the four month interrogation," Atiqullah said, "I underwent severe torture. They wanted me to confess and tell the names of my company. At first, I was beaten with a cable followed by electric shocks. I fell unconscious several times."

Electric shocks, pulling of hair, standing in water or on ice, burning, pinching of needles in sexual organs were the common practice, he added. "The Russians," he said, "directly attended the interrogation of those accused of being mujahidin (hold war fighter or muslim guerrilla) commanders or of those who should be executed or imprisoned for life."

## BANGLADESH FOREIGN MINISTER ON TIES WITH PAKISTAN

OW011814 Beijing XINHUA in English 1543 GMT 1 Mar 86

[Text] Dhaka, March 1 (XINHUA) -- Bangladesh Foreign Minister Humayun Rasheed Chowdhury said here today his government would cooperate with Islamabad for repatriation of stranded Pakistani in Bangladesh to their own country. The minister told a press conference that a Riyadh-based Islamic voluntary organization had already raised fund for carrying out the repatriation.

The stranded Pakistanis, known as "biharis" or "non-locals", are people who had identified their lot with Pakistan during Bangladesh independence war in 1971 and ever since they owe their unqualified allegiance to Pakistan. It is estimated that there are 300,000 Pakistanis living in refugee camps in Bangladesh for the last decade and a half.

The foreign minister could not say specifically when the repatriation would begin. He said his government is in touch with the Pakistan Government for carrying out the task. The issue of repatriation of the stranded Pakistanis in Bangladesh is described as a major pending conflict between the two countries and as a stumbling block in bilateral relations. On sharing of assets with Pakistan since Bangladesh came apart in 1971, the minister said he was "not optimistic" about getting back the assets as no modalities could be worked out till now by the two countries.

## BANGLADESH PRESIDENT SETS DATE FOR ELECTIONS

OW021653 Beijing XINHUA in English 1641 GMT 2 Mar 86

[Text] Dhaka, March 2 (XINHUA) -- Bangladesh chief martial law administrator and President H. M. Ershad announced in a telecast address tonight that parliamentary elections would be held in the last week of April this year. Sources close to Ershad disclosed that the elections would be held on April 26.

Ershad said that "all possible measures would be taken to conduct the election in a free and fair atmosphere" to facilitate the opposition's participation in the election. He said that should the opposition parties take part in the polls, three measures would be effective from the date of nomination papers filing to be scheduled by the election commission. The measures are: Any member of the present cabinet seeking election would resign, all offices and posts of zonal martial law administrators and their subordinates functionaries would be abolished and the martial law courts would be abolished, Ershad said.

Parliamentary and presidential elections have been announced over and over again since Ershad took over power and promulgated martial law in March 1982 but none of the decisions has been realized because of the opposition's boycott. The opposition parties -- mainly the 15-Party and the Seven-Party Alliances and the Jamaat-e-Islami party -- have insisted that martial law be lifted and parliamentary elections be held under a neutral government before presidential polls.

### Opposition To Boycott

OW032001 Beijing XINHUA in English 1945 GMT 3 Mar 86

[Text] Dhaka, March 3 (XINHUA) -- Two opposition groups in Bangladesh, the 15-Party and the Seven-Party Alliances, decided today to intensify their movement for the abrogation of martial law and the holding of parliamentary polls under a neutral government. The decision was taken at a Liaison Committee meeting of the two alliances.

A press release issued tonight by the Seven-Party Alliance said an election to be held under the present government could not be free and fair so they will not participate in the polls. The alliance called upon the people to follow the alliance's program to force the martial law to end for establishing democracy.

President H.M. Ershad yesterday announced that a parliamentary election would be held in the last week of April. Later the Election Commission scheduled the election for April 26. This was the fith time the parliamentary election was slated. The four preceding schedules for the election had to be canceled due to the opposition's persistent boycott. This time, President Ershad stressed today, the election date would no longer be postponed. But he did not say whether he would participate in the parliamentary election and the subsequent presidential polls.

## CHINESE PHOTO EXHIBITION OPENS IN SRI LANKA

OW031816 Beijing XINHUA in English 1444 GMT 3 Mar 86

[Text] Colombo, March 3 (XINHUA) -- A photo exhibition of "Youths in China Today" opened at the art gallery here today under the sponsorship of the UNESCO youth organization of Sri Lanka in collaboration with the Chinese Embassy here. On display are about 60 photos depicting the activities of work, study, recreaction and daily life of the Chiese young people today.

Addressing the opening ceremony, Sri Lankan Minister of National Security Lalith Athulathmudali said the exhibition was an activity of friendship between the peoples, the youths in particular of the two countries. He called on the young people in Sri Lanka to learn through the photo exhibition how the Chinese youths today are serving their motherland and the people. Speaking at the ceremony Chinese Ambassador to Sri Lanka Zhou Shanyan expressed his belief that the exhibition would enhance the mutual understanding and fraternity between the youths of the two countries.

## ZHAO ZIYANG MOURNS PALME DEATH AT SWEDISH EMBASSY

OW041130 Beijing XINHUA in English 1122 GMT 4 Mar 86

[Text] Beijing, March 4 (XINHUA) -- Chinese Premier Zhao Ziyang went to the Swedish Embassy here this afternoon to offer his condolences on the death of Swedish Prime Minister Olof Palme. Palme was assassinated in Stockholm last Friday. Wreaths from Premier Zhao Ziyang, the Ministries of Foreign Affairs and Foreign Economic Relations and Trade, the International Liaison Department of the Chinese Communist Party Central Committee, and the Beijing Municipal People's Government were placed in the condolence room.

Zhao stood in silent tribute before the potrait of Palme. He wrote in the mourners' book: "Prime Minister Palme's positive contributions to the cause of world peace and Sino-Swedish friendship will be cherished in the hearts of the Chinese people forever." Zhao asked Charge d'Affaires Ad Interim of the Swedish Embassy Ingmar Karlsson to convey the profound condolences of the Chinese Government and people to the Swedish Government and people over the death of Palme and to convey his sincere sympathies to the bereaved family.

Karlsson expressed thanks to the Chinese premier on behalf of the Swedish Government, people and Palme's family. He said the Swedish people were deeply shocked at the unfortunate death of Prime Minister Palme. He said he was sure Palme's death will not affect Sweden's policies. Among the Chinese officials accompanying Premier Zhao to the embassy were State Councillor and Foreign Minister Wu Xueqian and Minister of Foreign Economic Relations and Trade Zheng Tuobin.

## ANHUI CONGRESS DELEGATION LEAVES FOR FRG

OW041259 Hefei ANHUI RIBAO in Chinese 18 Feb 86 p 1

[Excerpts] A seven member delegation of the Anhui Provincial People's Congress Standing Committee, with its Vice Chairman Su Yu as the leader and Secretary General Hu Xiangnong as the deputy leader, left Hefei by plane at noon on 17 February for a good-will visit to the FRG's Lower Saxony at the invitation of its Assembly Chairman Edzard Blanke.

Lower Saxony was the first state in Western Europe to establish friendship ties with our province. Since the establishment of these relations in September 1984, Anhui and Lower Saxony have expanded friendly exchanges in the economic, trade, political, scientific and technological, education, cultural, public health, and other fields. Seeing off the delegation were responsible comrades of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, and the provincial CPPCC Committee Wang Guangyu, Xu Leyi, Meng Fulin, Hong Qingyuan, Cheng Guanghua, Su Hua, Zhang Zuoyin, and Sun Zongrong, as well as responsible persons from departments concerned.

## PLA DEPUTY CHIEF ATTENDS GDR ARMY DAY RECEPTION

OW010844 Beijing XINHUA in English 0828 GMT 1 Mar 86

[Text] Beijing, March 1 (XINHUA) -- Horst Lohmann, the military, naval and air attache to the Embassy of the German Democratic Republic in China, and his wife gave a reception in celebration of the 30th anniversary of the founding of the National People's Army here today at the embassy. Among those attending the reception were Xu Xin, deputy chief of the general staff of the Chinese People's Liberation Army (P.L.A.), and Zhou Keyu, deputy director of the General Political Department of the P.L.A.

## GDR ENVOY FETES REOPENING OF SHANGHAI CONSULATE

OW031542 Beijing XINHUA in English 1443 GMT 3 Mar 86

[Text] Shanghai, March 3 (XINHUA) -- Rolf Berthold, ambassador of the German Democratic Republic to China, gave a reception here today to mark the reopening of the GDR Consulate General in Shanghai. In their toasts, Berthold and Shanghai Vice-Mayor Li Zhaoji expressed the hope for further growth of China-GDR friendship and cooperation. The consulate general was reopened March 1.

## SFRY PARTY LEADER URGES ORGANIZATIONAL CHANGE

OW040736 Beijing XINHUA in English 0655 GMT 4 Mar 86

[Text] Belgrade, March 4 (XINHUA) -- A leader of the Yugoslav League of Communists has proposed a major organizational change within the leadership by setting up an executive committee to replace the present Presidency. Details of the proposal were made public for the first time in a report carried by the Yugoslav paper VECERNJE NOVOSTI (EVENING NEWS) Monday.

Dusan Dragosavac, member of the Presidency of the league's Central Committee, also calls for the setting up of the post of Central Committee President with a two-year tenure instead of the present Presidency decided by a yearly rotation rather than elections, the report said. Formerly president of the Central Committee Presidency Dragosavac said the number of candidates for the proposed new top post should be no less than two and that they should be nominated by every republic or autonomous province in rotation before a Central Committee election. The proposal, which was first tabled at a Central Committee meeting last month but was not included in the party's draft program for discussions, also suggests that members of the proposed executive committee be elected by the Central Committee.

The league set up the Central Committee Presidency in 1969 and adopted a rotation system in deciding its president in 1980 after the death of Josip Broz Tito, the party leader. Dragosavac said that despite the absence of his proposal in the draft program, which will be approved at the 13th National Congress in June this year, he will bring his proposal to the congress to seek for adoption, the report said.

## LIFE, ACCOMPLISHMENTS OF DING LING COMMEMORATED

OW041545 Beijing XINHUA in English 1433 GMT 4 Mar 86

["Ding Ling: A Writer of the People" -- XINHUA headline]

[Text] Beijing, March 4 (XINHUA) -- Despite all frustrations she had suffered, she kept faith in the Communist Party and the people, was unyielding and remained enterprising all her life, commanding profound respect among the people. She was Ding Ling, 82, a leading Chinese writer, who died of illness today.

Between 1933 and 1936, she was imprisoned by the Kuomintang in Nanjing; in 1955, she was wrongly charged as a member of an "anti-party clique" in 1957, she was wrongly labelled a "rightist" and expelled from the Communist Party; and during the "Cultural Revolution" (1966-1976), she was thrown into jail in Beijing for five years. Fortunately, she was spared from such frustrations after 1979 when the party rehabilitated her and restored her party membership.

She did not complain about the past. "A communist should stand any wrong" -- that's the attitude of Ding Ling, who joined the Chinese Communist Party in 1932. And she held that all her frustrations had not resulted from personal gratitude or resentment. Indeed, she shared bitter experience with the Chinese people for decades.

Once she had a free hand, she would sit down and write when she came back to Beijing from Shanxi Province in 1979, three years after the "Cultural Revolution" ended, someone, fearing she would meet trouble again, advised her to live a secluded life: not to write articles, not to visit friends and not to attend meetings. She declined. Instead, she wrote "A Hell of Demons and Monsters," a reminiscence about her prison life in Nanjing, "A World in Wind and Snow," a novel based on her 12-year experience in the great northern wilderness in Heilongjiang Province between 1958 and 1970, and a number of literary critiques. In 1985, at the age of 81, she even launched a literary magazine "China."

A native of Hunan Province's Linli County, she was born in 1904 to a family belonging to a wealthy and influential clan, which she did not like. "In fact, it was an epitome of the declining feudal society, which was full of characters portrayed in 'The Dream of the Red Mansions,' an ancient Chinese classic," she recalled. In her childhood, she made friends with the unprivileged -- wet nurses, servants and hirelings. She witnessed the sufferings of the poor.

This experience might help explain why she always reflected the people's sufferings and their struggle in her works. What interested her most was writing, she once said, "I write various characters, things, hearts and feelings; I write disputes in this world, human affections, historical changes and social rise and fall; I write heroic, grieved and moving episodes that make people cry, laugh and sigh, and that comfort, awaken and inspire people."

In 1928, Ding Ling published "Miss Shafei's Diary." The novel tells the story of an educated young woman in semi-feudal and semi-colonial China, who, suffering from tuberculosis, tried to pursue ideal love with fervor, but died in despair. As the novel voiced the revolt against feudal ethics, it immediately caused a sensation. Thus, Ding Ling established her reputation as an outstanding writer. Since then, her position in China's literary world has never been shaken despite her personal frustrations.

She joined the left-wing writers league in Shanghai in 1930. Later, she became the editor-in-chief of the "DIPPER", a monthly magazine run by the league. During the 1930s, she produced a number of masterpieces, such as "Water," "Wei Hu," "Shanghai in the Spring of 1930" and "Mother," as well as many works reflecting the life of the working people. Telling how Chinese peasants won liberation through their struggle against feudal forces, "Sun Shines Over the Sanggan River," published in 1948, is her most famous novel, which won the Stalin Literature Prize three years later and was translated into more than 10 foreign languages. She attributed her success to the people and donated the 50,000 Soviet roubles to children's welfare projects.

During her literary career beginning in 1927, Ding wrote about 300 novels, short stories, plays, non-fictions, proses and essays, totalling more than two million words, most of which have been collected in the six-volume "Collected Works of Ding Ling" published in 1984. Between 1934 and 1949, her works were banned in the Kuomintang-controlled areas. During the "Cultural Revolution," they had the same fate. However, they were read by people all the time. She once worked for weeks in a village in north China in the 1940s. Old folks there today still remember her, and nearly all young people know that they have an amiable aunt by the name of "Ding."

Ding Ling stood with the people all her life, and her works belong to the people. In the autumn of 1936, when she ran away from Kuomintang's imprisonment and reached northern Shaanxi, Mao Zedong wrote a poem to praise the young writer, comparing the power of her pen to 3,000 armed soldiers.

## DENG YINGCHAO ADDRESSES PERSONNEL LOYALTY ISSUES

HK030217 Beijing RENMIN RIBAO in Chinese 27 Feb 86 p 4

[Article by Deng Yingchao, originally carried by MISHU GONGZUO [SECRETARIAL WORK] No 1, 1986: "Secretarial Personnel Must Be Loyal to the Party's Cause"]

[Text] The national forum attended by secretaries-general and general office directors in January 1985 pointed out that secretarial personnel should play a better advisory role. Since then, comrades in the secretarial departments in various systems in the country have paid attention to improving their work so as to meet the requirements of modernization construction. This is good and necessary. Secretarial personnel are important assistants to leaders, and their work can ensure the normal conduct of leadership work. Comrades in the secretarial bureau of the party central General Office asked me to write a short article for the magazine SECRETARIAL WORK and say something to comrades engaged in secretarial work in the whole country. Here, I would like to put forward three points:

First, our party has always attached importance to secretarial work. As early as July 1926, the party central leadership decided to establish the Central Secretariat. Such prominent proletarian revolutionaries of the older generation as Mao Zedong, Zhou Enlai, Ren Bishi, and Qu Qiubai, as well as Comrade Deng Xiaoping who is here with us, issued a series of important instructions on secreterial work. They acted personally as secretaries, thus pioneering our party's secretarial work and setting a good example. For a long time, in the White areas, Soviet areas, and the northern Shaanxi revolutionary base, I also handled secretarial work for the party's leading organs, so I have personal experience in this work. Secretarial personnel, no matter whether working in secretariats or working as personal secretaries for leaders, have to work very hard. Our secretarial personnel have a good tradition and a noble character. That is, they always cherish a spirit of dedication to the party's cause and can always quietly immerse themselves in hard work.

Now, as we are carrying out modernization construction, the requirements for secretarial personnel are higher rather than lower. They are required to be politically reliable, hardworking, keen in thinking, diligent in studying, and prudent in work style. They are also required to have a higher political consciousness and educational level in order to competently fulfill all secretarial tasks for their leaders. They have to handle many specific and tedious routine affairs, including the work of storing and preparing documents, organizing meetings, and drafting various official papers. They often have to work overtime or even work both day and night. However, they have little opportunity for becoming public figures or gaining fame and benefit. They can consciously carry forward this spirit of dedication, hard work, and anonymity. This is precisely the noble character of our secretarial personnel. Of course, the party and the state should show loving care for them and encourage them to maintain this spirit.

Second, as secretarial personnel have access to and handle a great deal of top secret materials, they must be firm in abiding by security regulations and guarding all party and state secrets. Our party's secretarial personnel always observe strict discipline in keeping secrets. Confidential secretarial personnel all have the habit of strictly keeping secrets and being tight-lipped. In order to guard the party's secrets and protect the party's confidential documents, some of them have even sacrificed their lives. Everybody may have seen the deeds of Comrade Li Bai from the film "The Electric Wave Which Will Never Disperse." He was one of those comrades who dedicated their lives to guarding the interests of the party. We should always remember these comrades. At present, our country is carrying out the policy of opening to the outside world, and modern science and technology is rapidly developing. We are faced with many new things and complicated situations. However, we must not in any way relax our efforts to keep secrets. Instead, security regulations should be more strictly enforced. At present, instances of leaking secrets to outsiders still occur from time to time. Some people have even been brought to trial by the courts for breaking laws and betraying confidential matters. We must continue to be very careful in guarding party and state secrets and must never be careless in this regard. By doing a better job in keeping secrets, we will be able to take more initiative in handling political, economic, military, and diplomatic affairs and advance our modernization cause more smoothly.

Third, organs and leaders in charge of secretarial work should show more concern and care for the work and thinking of secretarial personnel and should often conduct ideological, political and professional education among them, so as to enhance their political quality and work capability.

I heard that the magazine SECRETARIAL WORK is rather popular with comrades engaged in this work and its popularity is increasing. This shows that it is necessary to publish such a magazine. It is my hope that this magazine will play a greater and better role in conducting in-service training and exchanging work experience.

## VIGILANCE IN BIRTH CONTROL RECOMMENDED

HK031037 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 3 Mar 86 p 2

[Commentator's article: "Planned Parenthood Must Not Be Relaxed"]

[Text] Attaching great importance to the population problem, our government has made birth control a basic state policy. While persistently carrying out education in family planning among the masses, the government has constantly perfected its birth control policy, improved its work style and working methods, and thus successfully fulfilled the target of control over population growth set by the Sixth 5-Year Plan and ensured that birth control work develops steadily and healthily.

This tremendous achievement, which has attracted worldwide attention, has not only played an essential role in speeding up the country's four modernizations program and improving the people's livelihood but has also made contributions to stabilizing world population growth. Practice has shown that China's family planning policy and measures are definitely correct.

This year will mark the initiation of the Seventh 5-Year Plan, which sets new targets for family planning work and puts forth heavier tasks relating to control over population growth than those for the Sixth 5-Year Plan, since the more than 360 million born during the first peak period in population growth after the founding of the PRC are now reaching marriage and child-bearing age, and thus a new peak period in population growth is about to arrive. Specialists predict that more than 20 million babies will be born every year on average from now until the mid or late nineties. Therefore, we can never slacken in family planning work just because the economy is developing steadily, the people's livelihood has been improved, and the population growth rate has been lowered. If we make even a small mistake because of slackness, we will surely be faced once again with the miserable situation of drastic population growth, which would be a great disadvantage to the realization of the Seventh 5-Year Plan and economic development in the nineties. Therefore, we must continue to make steadfast and unremitting efforts in strengthening family planning work.

In order to do a good job in family planning in the new situation, we are required to carry forward the spirit of seeking truth from facts, unremittingly improve our birth control policy, work style, and working methods, and thus serve the masses better. At the same time, we must vigorously carry out propaganda and education work. Following the continuous economic and cultural development in our country, the broad masses' conception of childbearing is changing. However, the long-standing feudal ideas of "the more children the more happiness" and "men being superior to women" will still be the major obstacles to family planning. We must combine the propaganda of family planning with the education in the building of socialist spiritual civilization and the principle of the "four have's," and make unremitting efforts to change the masses' conception of childbearing throughout the whole process of family planning. As long as the outdated conception is changed and the masses straighten out their thinking, it will be easy to do a good job in family planning.

## WAN LI STRESSES PRUDENT FAMILY PLANNING

OW030405 Beijing XINHUA Domestic Service in Chinese 1549 GMT 2 Mar 86

[Speech by Wan Li on 1 March at national meeting for commending advanced collectives and individuals in family planning]

[Text] Beijing, 2 Mar (XINHUA) -- Comrades: The national meeting for commending advanced collectives and individuals in family planning has opened. On behalf of the party Central Committee and the State Council, I wish to extend my warm greetings to this meeting, and pay my high respects to those advanced collectives and individuals who have worked hard, opened up new paths to forge ahead and scored outstanding achievements in family planning. Additionally, I would like to send my cordial regards to all comrades working on the family planning front in various localities throughout the country.

China is a developing nation with the largest population in the world. It is also a socialist nation. Family planning is China's basic policy. The party and government have given it a special status, regard it as a major task in building a socialist material and spiritual civilization, and have made it a main component of their overall planning.

That is to say, we must not only ensure that all economic and social developments are carried out in a planned manner and proportionally but also make sure that population growth ins controlled in a planned manner in keeping with economic and social developments and is coordinated according to the availability and natural resources, the ecological balance and environmental protection. In the past, we had not paid full attention to this point, and thus suffered a great deal. After the 3d Plenary Session of the 11th CPC Central Committee, China has entered a new stage through the elimination of chaos and restoration of order, and gradually embarked onto a path of healthy development in family planning. We have triumphantly fulfilled the task on the control of population growth laid down in the "Sixth 5-Year Plan." This is of great significance in acclerating China's current four modernizations program, rejuvenating its economy, helping population growth keep pace with economic and social developments, continuously raising the people's standards in material and culture, and gradually forming a reasonable structure of population age. It is also conducive to stabilizing the growth of world population. In solving the issue of population, China has also made its own contribution.

In the past couple of years, a new development has been evidenced in family planning. It is mainly a result of earnestly correcting the phenomenon of resorting to coercion in family planning which had occurred in some places. Efforts have been made to integrate the practice of mobilizing the masses to carry out family planning with the practice of helping the masses dispel their worries, overcome actual difficulties and popularize scientific and technical knowledge. The family planning policy and birth control measures and methods have been implemented without demanding uniformity in everything. Efforts have been made to achieve the goal by seeking truth from facts and acting in a reasonable way. Due to the continuous improvement of the policy on childbirth, there is also improvement in the style of work as well as relations between the cadres and the masses. The situation characterized by the stability and unity has been even more consolidated. Generally speaking, the cyclic influence of China's first population peak in the 1950's had already smoothly passed. The excessively rapid population growth has been controlled. This is conducive to the current socialist modernization program as well as the self-sustained growth in population from now on. In the practice of family planning, there have emerged a large number of advanced individuals and collectives that have subordinated their own interests to those of the nation in response to the call issued by the party, and taken the lead in carrying out family planning and doing the work for family planning. In this meeting, we must fully reaffirm their achievements, and sum up and popularize their experiences so that the work of family planning will be carried out even better and will yield even more tangible results in society during the "Seventh 5-Year Plan."

Right now, there is one issue that merits attention. That is, some of our comrades fail to perceive the long-term implications and the arduous nature of family planning. They think that with economic development, the policy on childbirth will be further improved and producing more offspring will not be much of a problem. Consequently, they have relaxed control over family planning. As a resutl, the population in some localities has gotten out of control. It should be realized that there exist serious imbalances and many weak links in the world of family planning. The "Seventh 5-Year Plan" period falls in a peak period for births. With its large and relatively young population, China will continue to experience a sustained population growth. This is a general trend.

With increased population, it will inevitably be difficult to obtain employment and for children to go to nurseries and schools. There are no major problems or social upheavals at this time mainly because we have a high employment rate but a low productive efficiency. With the in-depth implementation of our economic policy and the development of the technological upgrading of the factories, there will be a big rise in our labor productivity, and the unemployment problems will rise accordingly.

For this reason, we should in no way slacken our family planning work because of our sustained, steady economic development, nor should we ignore this work because our population growth rate is declining each year. Still less should we deny the importance of family planning in the entire national economy because the people's living standards have improved. We must include family planning in the work of building the socialist spiritual civilization, take it as a long-term strategic principle, attach due importance to it, and make unremitting efforts to grasp it by adopting more feasible measures. We must educate our cadres and masses to discard the old traditional thinking, change prevailing habits and customs, combine far-reaching ideals with socialist practice, and foster a new concept about ethics and morality and a new idea of childbirth based on planned parenthood. We must make incessant efforts to improve our work and create a new situation of family planning.

The key to success in family planning is seeking truth from facts and suiting measures to local conditions. In view of the large territory of our country and the varying population conditions and different groundwork done for family planning in various localities, we cannot ask all places to use the same method at the same time. In compliance with the population target and work principles set by the central authorities, all provinces, autonomous regions, and municipalities should proceed from the actual situation of their respective localities and decide on their own methods to be implemented after conducting experiments at certain places to combine the policy with their own plans.

The general guideline is that different cases should be dealt with in different ways. Different treatment should be given to cities and the countryside. The method applied to economically developed areas with a rather dense population, more surplus labor, but relatively insufficient natural resources should differ from that used for deep-mountain areas, deep-sea fishing areas, forest areas, pastoral areas, and border areas where natural resources are rather abundant but the labor force is relatively scarce. Greater flexibility should be given to areas inhabited by ethnic minorities, especially ethnic minorities with an exceptionally small population. We should not only strictly control our population growth, but should also persist in displaying a civilized work style, reform our work in a civilized way, and refrain from harming the interests of the masses. Further efforts should be made to avoid coercion and to popularize the effective ways and means to serve the masses. In addition, it is necessary to strengthen the scientific and technical work on birth control and ensure the supply of contraceptive medicine and devices to meet the needs of the masses.

To radically raise the level of our family planning work, it is necessary to promote the study of population theories and scientific knowledge about birth control, eugenics, and good child care and exert every effort to do good propaganda and popularization work in this regard. Our country is backward economically and culturally, and according to traditional ideas, it is good fortune to have many children. Too many births and poor child care were once commonplace, which has caused a negative effect on the development of our nation. The situation has changed since we put family planning into practice, but the question of eugenics and good child care still has not yet received much attention. It should be understood that serious hereditary diseases have an enormous harmful effect on descendants. The birth of a congenital idiotic child not only brings distress to the parents and affects the family but also imposes a burden on society. For this reason, it is imperative to avoid marriage between close relatives so as to prevent the births of abnormal babies and the perpetuation of hereditary diseases. Doting on the only child is now a relatively common phenomenon. Some parents and grandparents spoil their children instead of educating them. These parents and grandparents only buy things for their children to eat. They buy whatever their children want but give very little consideration to other things. If we let this state of affairs go unchecked, what will become of our third generation and what will their health condition become?

Because of this, it is necessary to encourage people to study a little pedagogy, psychology, and nutrition, and our propaganda organs should do this constantly as one of their propaganda tasks, so that children will be brought up and taken good care of and will grow up healthy. This is a significant aspect of our family planning work that should be strengthened in the future.

Family planning work is a major task of the whole party and a great systems engineering of our society. Party committees and governments at all levels should place it high on their work agenda. The Family Planning Commission and the Ministry of Public Health should unite and cooperate to earnestly grasp their work. Public health departments at all levels should note that grasping family planning work is one of their primary duties. Other departments, in particular trade unions, CYL and women's organizations, and departments of propaganda, culture, education, medical and pharmaceutical work, chemical industry, finance, civil affairs, planning, statistics, supply, political and legal work, scientific research, and industrial and commercial administration, all have a major responsibility concerning this work. They should all exert themselves to give active support to this work and coordinate their efforts to ensure the successful fulfillment of the population plan for the Seventh 5-Year Plan period and to make new strides and create new deeds in implementing the basic national policy of family planning!

## COMMENTARY LINKS MARXIST THEORY WITH EXPERTISE

OW040054 Beijing XINHUA Domestic Service in Chinese 0019 GMT 3 Mar 86

[XINHUA commentator's article: "Cadres With Professional Expertise Should Also Study Theories"]

[Text] Changsha, 3 Mar (XINHUA) Some leading cadres with professional expertise in Zhuzhou City have raised their level of awareness in studying Marxist theories. This is praiseworthy. There is much in the way the Zhuzhou City CPC Committee organizes cadres to study and apply basic theories of Marxism that various localities can use.

To keep pace with the needs in developing socialist modernization, a large number of middle-aged and young cadres have been selected and promoted to leading posts at and above the county and departmental levels in recent years. Most of these cadres have studied physical sciences or engineering. Relatively speaking, they are fairly strong in vocational knowledge, but weak in understanding basic Marxist theories. When they do vocational work in such fields as economy, technology, culture, and education, the contradiction is not so apparent. However, this contradiction becomes quite apparent when they take leading posts. It should be said that all leading cadres must study Marxist theories. However, this task is even more significant to this batch of newly-promoted middle-aged and young cadres.

Now the question is: Among these comrades, many cadres have indeed begun to realize that they are not fully knowledgeable in Marxist theories, and have worked hard to correct this deficiency as have cadres in Zhuzhou. However, there are also some comrades who lack this kind of awareness. They think that as long as one is imbued with professional knowledge, one is able to "become a director" or "run the factory well." Actually, this is far from true. From a general point of view, we are now carrying out structural reforms in the fields of economy, education, science and technology, and others. In the course of carrying out reforms, we must not only invigorate the economy and open to the outside world, but also adhere to the socialist orientation and open a path for building socialism with Chinese characteristics. We cannot achieve this goal without Marxist theories as our guide.

Even if we take routine leadership work into consideration, it would be difficult for us to carry out our work systematically, creatively, and with farsightedness and a strong sense of principle, if we do not use the Marxist theories as our guidance at a time when we are faced with so many political, economic, social, and cultural problems and with many complicated contradictions in society. Why is that some cadres have failed to accomplish anything after they take office and have exerted tremendous efforts in carrying out their work? Why have some of the leading cadres failed to resist the new unhealthy trends after they took office? In the final analysis, it is because they have a weak Marxist foundation.

Some people said: When cadres with vocational expertise assume their leading posts, they lack a deep understanding of policy. Studying basic Marxist theories is not as useful as studying party policies. Pitting the study of party principles and policies against the study of basic theories is erroneous. The party's principles and policies are our products after we integrate Marxist theories with practice. Only by fundamentally grasping the Marxist stand, viewpoints, and methods, will it be possible for us to truly "have a thorough grasp" of the party's principles and policies and creatively implement them. Therefore, we must study principles and policies as well as basic theories.

At each change in the development of our party's history, all of our party cadres are faced with the task of studying once again. Right now, the entire economic structural reform with its emphasis on the cities is being vigorously developed. The people are expecting the rapid growth of a large number of men of action who not only have a grasp of Marxist theories, but are also imbued with profound knowledge in their expertise.

## GUANGMING RIBAO ON FOCUS SHIFT IN THEORY WORK

HK280635 Beijing GUANGMING RIBAO in Chinese 14 Feb 86 p 1

[Article by Yan Jiaqi: "A Talk on Shifting the Focus in Theoretical Work"]

[Text] Eight years ago, the discussion on the "criterion for testing truth" in our theoretical circles was a great and mass movement to promote Marxist ideological education and mental emancipation. The theoretical circles, the whole party, and the people throughout the country have all realized the wide scope and far-reaching influence of that discussion. Dogmatism, ossification of ideas, and the attitude of sticking to outdated conventions and staying in a rut were ruthelessly exposed and criticized, and people's thinking became much more active and dynamic. Some viewpoints and ideas which were regarded as sacred for 10 to 20 years began to lose people's support. No one continued to claim that class struggle should be "mentioned every day, every month, and every year," and the slogan of "grasping revolution, promoting production" was a mere memory. People also began to pay close attention to the construction of socialist democracy and the legal system. The verdicts of the Tiananmen incident and many other wrongly handled cases were reversed.

More importantly, people were freed from the long-standing mental shackles formed in the "Cultural Revolution" and began to use their own minds to think about state affairs and to study the way China should go in order to realize socialist modernization. When substantial progress was made in the ideological field, the 3d Plenary Session of the 11th CPC Central Committee, a meeting of far-reaching significance in China's modern history, was opened. The meeting valued highly the discussion on the "criterion for testing truth" and held that the discussion was "of far-reaching and profound historical significance in promoting the mental emancipation of comrades throughout the party and the people throughout the country and rectifying the party's ideological line.

"If a party, a state, or a nation proceeds only from some dogmas and sticks to some ossified ideas, it will no longer be able to make advances, and its life will come to an end. Then, the party or the state will be heading toward its doom." The guiding principle laid down by the 3d Plenary Session of the 11th CPC Central Committee represents the Marxist ideological line reestablished by the CPC.

One of the major historic achievements of the third plenary session was the negation of the erroneous principle of "taking class struggle as the key link" and of the erroneous theory of "continuing revolution under the proletarian dictatorship" and the making of the strategic decision to shift the focus of the party's work to socialist modernization construction. Under the guidance of the party's correct line, with the efforts of the whole party and the people throughout the country, our socialist modernication construction has begun to score a series of gratifying achievements.

With the shift of focus of the party's work, the focus of the party's theoretical work has in fact changed. By comparing the theoretical work before and after the 3d Plenary Session of the 11th CPC Central Committee, we may find that many gratifying changes have occurred in the approach to Marxist theory, to the issue of combining theoretical study with practice, and to the implementation of the party's principle of "letting a hundred flowers blossom and a hundred schools of thought contend." However, as the development of theory and theoretical work is relatively independent, the shift of focus of theoretical work is not completely in accordance with the shift of focus of other, practical work. Things in our theoretical work in recent years show that many problems remain to be solved in regard to how to treat Marxism, how to link theoretical study with practical work, and how to implement the party's "double hundred" policy. The shift of focus of theoretical work has not yet been accomplished. The so-called shift of focus of theoretical work refers to moving our theoretical work into the orbit of serving the building of a powerful socialist country with a high degree of material and spiritual civilization and a high degree of democracy.

## Adopt a Scientific Attitude Toward Marxism -- A Precondition for Accomplishing the Shift in Theoretical Work

The nationwide discussion on the "criterion for testing truth" in 1978 in fact resolved the issue of how to correctly treat Comrade Mao Zedong's works, speeches, and instructions. Young people who did not experience the "Cultural Revolution" may not know that before the discussion of the "criterion for truth" everything Comrade Mao Zedong said was treated as truth and could not be revised. On 21 June 1978, Comrade Deng Xiaoping openly affirmed at an Army political work conference that practice is the sole criterion for testing truth and pointed out that "seeking truth from facts" is a fundamental viewpoint of Maa Zedong Thought. After the 3d Plenary Session of the 11th CPC Central Committee, the series of major policy decisions made by our party on negating the idea of "taking class struggle as the key link," thoroughly repudiating the "Cultural Revolution," adopting the policy of opening up to the outside world and enlivening the domestic economy, carrying out economic structural reforms, putting forward the scientific concept of "one country, two systems," and reforming the cadre system were all based on the idea that practice is the sole criterion for testing truth, and they all represented major developments of Marxist theory.

Today, when we are building a modern and powerful socialist country with a high degree of democracy and civilization, a great number of new questions are emerging in practice and our theoretical workers are required to discover, study, and settle these questions. If we cannot proceed from our reality and cannot adopt a scientific attitude toward Marxism, our theoretical work will not be able to play the role it should.

At present, the discussion on the "criterion for truth" remains useful for our theoretical workers, as it may remind them that in the relationship between theory and practice, practice will always be the sole criterion for testing truth. Today, theoretical workers should carry forward the spirit of "seeking truth from facts and emancipating people's minds." While adhering to the basic principles of Marxism, they should have the courage to break through some individual conclusions which have been proved not completely correct and to establish some new theories to take their place so as to enrich and develop Marxism with the practical experience we are gaining in the new historical period and to advance Marxist theory as a whole. Marxism is a science rather than a set of dogmas. A scientist should always believe that when contradictions appear between theory and practice, the theory is not facing a "crisis"; rather, it has a new starting point for development.

## The Close Combination of Theory With Practice Is the Key to Shifing the Focus of Theoretical Work

Since the 3d Plenary Session of the 11th CPC Central Committee, all the theoretical workers in our country have made extensive studies, in light of the principle of linking theory with practice, of the strategy for socioeconomic development, the reform of the economic, scientific research, and educational systems, the reform of the cadre system, the reform of the party and state leadership system, the way to realize China's reunification, and a series of major theoretical issues in the humanities and social sciences. These studies and discussions are obviously different from those previous studies and debates which were divorced from practice. Today, when we are carrying out economic structural reforms and advancing socialist modernization construction, it is particularly necessary to link theoretical studies with practice and to orient our theoretical studies toward modernization, the world, and the future. We should study all major contemporary issues in China and in the world and the large number of new questions appearing in the course of the economic structural reforms; we should explore concrete ways to realize modernization in China. The task of theoretical workers is not merely to cite something from Marxist books as proof; instead, they should deal with the actual questions existing in practice. Theoretical workers must not sidestep actual questions in reality. The more complicated and difficult the actual questions are, the more urgent it is that theoretical workers should study these these questions. Theoretical workers should have the basic scientific belief that behind a major practical issue, there must be a major theoretical question. Science will discover this question from the angle of theory and will find the viewpoint and method to explain and resolve the question. If ready-made answers exist for all questions in social life, there will be no need for the existence of theoretical workers.

## The Correct Implementation of the "Double Hundred" Principle Is the Guarantee for the Shift of Focus in Theoretical Work

The correct implementation of the principle of "letting a hundred flowers blossom and a hundred schools of though contend" will not only further consolidate the leading position of Marxism in theoretical work and in the ideological and cultural field, but will also help theoretical workers draw scientific conclusions through scientific discussion with regard to questions raised by actual life. Power will not automatically bring truth to the one who holds power. In the matter of theoretical issues, the viewpoint that truth is represented by people in power goes against our party's "double hundred" principle. Theoretical workers may still remember the discussion on the viewpoint of "one dividing into two" and the viewpoint of "two combining into one" in the sixties. That discussion did not advance Marxist theory nor did it play a positive and useful role in our socialist construction; on the contrary, free discussion on theoretical issues became coercion and besieging, which then led to political persecution and various disastrous consequences. Moreover, that discussion was conducted in a scholastic way. In order to correctly implement the "double hundred" principle, we should not hurl political epithets at each other, should not slap down different opinions, should not capitalize on the other people's vulnerable points, and should adhere to the principle of everyone being equal before the truth.

We should discard the scholastic discussion approach, which merely remains at the stage of copiously quoting classical works without facing questions in reality. In the great historical period of striving for socialist modernization, the method of our theoretical discussions should also be "modernized." In human history, whether in the East or in the West, there have been pedantic discussions about scholastic philosophy and theology. When talking about the medieval authors of the works explaining the Holy Bible, a European thinker said: "These authors did not find what they should believe in, but found what they believed in. They never treated the Holy Bible as scriptures containing the creed that they should follow; instead, they regarded it as a book to which they could add their own opinions so as to make themselves authoritative. So, they misrepresented all the points of the book and distorted every paragraph and chapter of the book. This was a patch of land which could be invaded by people of different sects; this was a battlefield on which hostile countries encountered and fought each other. Some were charging, and some were involved in skirmishes."

This description of the medieval scholastic arguments shows many points of similarity to our earlier theoretical discussions and auguments. Such a method of argument is not scientific and has no relation to Marxism. In a country that is advancing toward socialist modernization and that treats Marxism in a scientific way, the outmoded, unrealistic, and scholastic method of argument must come to an end. We should use Marxism to study and resolve various theoretical issues existing in our actual life so as to develop Marxism, and should not simply quote or distort the individual remarks of Marxist classical authors to make our opinions more authoritative. Theoretical arguments should be conducted on a scientific basis and on the principle of everyone being equal before truth. The modernization of our thinking is a guide to ushering in the four modernizations. Socialist modernization is a great cause which will fundamentally change China's backward conditions. To realize this cause, we should resolutely break with all outmoded ideas and conventions which are no longer suited to socialist modernization.

From the discussion on the criterion for truth in 1978 and the 3d Plenary Session of the 11th CPC Central Committee to the present day, the focus of our theoretical work has shifted gradually. With the accomplishing of this shift, dogmatism, ideological ossification, conservatism, and all ideas and conventions which obstruct the development of socialist modernization will be swept into the dust bin of history. Such ideas and concepts as "seeking truth from facts, emancipating people's minds," "linking theory with practice," and "letting a hundred flowers blossom and a hundred schools of thought contend," which promote socialist modernization, will be more respected the taken note of by the people.

## XINHUA NEWS ANALYSIS OF STATISTICAL COMMUNIQUE

OW050542 Beijing XINHUA Domestic Service in Chinese 1210 GMT 4 Mar 86

[News analysis by XINHUA reporter Xu Yaozhong: "Seek Truth From Facts, Report Good as Well as Bad News -- On 1985 Statistics Communique"]

[Text] Beijing, 4 Mar (XINHUA) -- After reading the Statistical Bureau communique on the fulfillment of China's 1985 economic and social development plan, people have found that while fully reaffirming the nation's achievements, it has also realistically examined existing problems such as the deficit in foreign trade which has reached $14.9 billion, the reduction in grain output by 28.33 million tons (28.3 billion kilograms) over the previous year, and the rise in vegetable prices by 34.5 percent over the previous year.

Statistical communiques issued over the past several years also reflected some problems existing in the fulfillment of economic and social development plans. However, they were not specific.

The 1985 communique has revealed one problem after another: Output of grain and cotton was reduced; targets to produce 18 types of industrial products such as phosphate fertilizer, sulfuric acid, and computers were not fulfilled; foreign ships had to stay in China's harbors longer to load and unload cargo; decrease in the number of feature films; and so on. People realize that in spite of the dynamic and favorable situation, the communique does not deny the chronic malady of excessive investment in fixed assets, nor does it fail to mention overstretched consumer spending, nor does it try to cover up the sharp increases in commodity prices.

Even when the communique cites achievements and says that the majority of peasants, workers, and staff increased their income and raised their living standards, it does not forget to point out that a few peasants with low income are still leading a difficult life and that the actual income of a few workers and staff was even slightly reduced because of sharp price increases in the market. Dwelling on price reforms, it not only reaffirms that such reform promoted development of the commodity economy, but it also points out that such reform caused fairly sharp price increases. On the one hand, it mentioned that economic results improved in industrial production, while on the other hand, it says that the quality of production was lowered, consumption of raw materials rose, and a few enterprises suffered even more losses.

In citing figures, the communique does not try to please the public with claptrap. For example, when it mentions the increase in peasant net income, it does not emphasize the high rate of growth. It says that such income rose by 11.8 percent over the previous year as calculated in terms of current value. It also mentions that even when allowing for the rise in the cost of living, real income still rose by 8.4 percent. It says that the average wage for workers and staff rose by 17.2 percent as calculated in terms of current value; it also mentions that when allowing for the rise in the price index, the actual wage increase was 4.7 percent.

In interviews over the past few days, this reporter has found that cadres of some government organs and workers and staff of some enterprises are deeply impressed by the spirit displayed in the communique of seeking truth from facts. They feel that to inform the masses of the problems in economic work is conducive to unifying all the ideas from top to bottom and developing the four modernizations program with one heart and one mind.

To dare to report bad news means that we have strength and confidence. It shows that we are capable of overcoming difficulties and solving problems in the course of going forward. For example, in the development of our national economy in the last quater of 1984, problems cropped up such as the excessive rate of industrial production growth; the overly large scale of investment in fixed assets; the sharp increase in consumer spending; the abnormal increase in commodity prices; and the precipitous drop in the state's foreign exchange reserves. While making such problems known to the public, the party Central Committee and the State Council adopted measures to control the allocation of funds; eliminate excessive investments; forbid the indiscriminate issuance of bonuses in money and in kind; strengthen control over commodity prices; and actively stimulate exports. These measures have already attained tangible results. The aforementioned problems are gradually being solved.

With the best "cheerful news" in national economic development since the founding of New China, the communique is able to unveil existing problems in a candid and realistic manner. It shows that our leaders doing economic work are sober-minded and that their leadership is now even more skillful. This reporter believes that the people will have hopes, enhance their confidence, and draw strength from the communique.

## LIAOWANG ON TRANSFORMATION OF DEFENSE INDUSTRY

HK031520 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 6-7, 10 Feb 86 pp 4-6

[Article by LIAOWANG reporters Chen Siyi and Gu Mainan: "China's National Defense Industry Faces a Historic Turning Point -- Sidelights on Zhao Ziyang's Meeting With National Defense Industry Specialists"]

[Text] At about 1430 on 24 January, 20 specialists were seated in a room at the back of Huai Ren Hall, Zhongnanhai. They were from the plants, institutions, research institutes, and design institutes under the Ministry of Aeronautics Industry [as published]. Also present on the occasion were Mo Wenxiang, minister of aeronautics industry; He Wenzhi, vice minister of aeronautics industry; Zou Jiahua, minister of ordnance industry; and Tang Zhongwen, vice minister of ordnance industry. Normally, these specialists, ministers, and vice ministers are busy people. However, on this occasion, they arrived at the meeting place half an hour early to wait for some even busier people: Zhao Ziyang, Yang Shangkun, Hu Qili, Li Peng, and Fang Yi. These 20 specialists are, from the Ministry of Aeronautics Industry: Lu Xiaopeng, Gu Yongfen, Zhou Yaohe, Zhang Qishan, Lu Qingfeng, Cai Yunjin, Yang Yansheng, Liu Xiashi, Zhou Tianxiao, and Xu Peilin, and, from the Ministry of Ordnance Industry: Zhu Hesun, Wu Cangpu, Jiang Chengwei, Fu Zhengbo, Chang Shibiao, Qian Shiwen, Wang Yue, Zhao Jiazheng, Zhang Jungao, and Wang Xingqiao.

### Outstanding People on the National Defense Industry Front

Most readers would not be familiar with the names on the above list. However, they are outstanding and well-known people in their respective fields of research. The nature of their work is such that it is difficult, if not totally impossible, for people to know their names through the mass media.

Gu Yongfen [7357 8673 5358] is a senior engineer of the Song Ling [2646 7117] Corporation. He was one of the designers of China's first jet trainer fighter, and he is playing a leading role in designing China's latest high-altitude high-speed fighter planes. Lu Qingfeng [0712 1987 7364], an associate research fellow of the Nanjing Aeronautics Institute, is a little more than "50 years old." He and his colleagues have successfully designed an unmanned high-altitude target plane and a prototype pilotless plane, thereby winning a first class award presented by the Ministry of Aeronautics Industry. Xu Peilin [1776 1014 7792], a senior engineer, is also a well-known aircraft designer. It is he who organized the trial production of the 20-ton "Yun 8" medium-range transport plane. Last year, an avalanche took place in Xizang. A Black Hawk helicopter, which was urgently required for relief work, was delivered to Xizang by a "Yun 8" transport plane.

Zhao Jiazheng [6392 1367 6927] is the chief designer of China's antitank guided missiles. On the 35th anniversary of the founding of the country, antitank guided missiles designed and produced by China were on parade. They were a shock to foreigners who thought that China would not succeed in developing this weapon without their help. Jiang Chengwei [5592 2110 3555], director of the Xian Modern Chemistry Institute, is a gunpowder expert. His work tells us that the Chinese people, who introduced gunpowder to the world, will never be outdone by Westerners in research on gunpowder. Qian Shiwen's [6929 1102 2429] field of research is armored vehicles. The armored vehicles that rolled past Tiananmen on National Day 1984 were built by the plant employing him. As the chief designer of several projects, he has won a first class scientific and technological advanced award presented by the state.

"These 20 specialists," said Hu Qili at the beginning of the meeting, "have contributed much to developing our aeronautics industry and ordnance industry. They are indeed distinguished scientific and technological workers. Because of the relationship between their work and our national defense, our newspapers rarely report on them. Few people know about them. Thus, they are unknown heroes. However, the party and the people will always remember their work, their achievements, and their contributions." These remarks represent the party's and the state's great respect for the several million workers on the national defense industry front. Premier Zhao Ziyang and other party and state leaders met with these specialists in order to listen to their opinions and suggestions and to ask them to greet the unknown heroes on the national defense industry front on behalf of the CPC Central Committee and the State Council.

## The Ordnance Industry Specialists Waited Anxiously

Before the meeting began, the minds of these specialists were filled with excitement and uneasiness. All of them wanted to most comprehensively and most thoroughly report to the central leaders their suggestions and demands, which are also the suggestions and demands of the masses of workers on the national defense industry front. However, they were told that they would not be able to make extravagant claims on the time of the central leaders, who always have full itineraries, and that the duration of the meeting would be about 1 hour. One hour is just too short! They carefully weighed each problem in their minds sifting out the most important from the less important ones.

Hu Qili entered the room without making a sound. The specialists were then silently pondering their problems, almost without noticing Hu's arrival, which was 15 minutes earlier than the scheduled time. Shortly after Hu's arrival, Yang Shangkun and Li Peng arrived together. Zhao Ziyang and Fang Yi were the last to arrive. Cordial handshakes and the friendly and unconstrained atmosphere quickly dispelled the anxiety and uneasiness in the minds of the specialists.

These ordnance industry specialists were most concerned about the future of the country's national defense industry. Most of them have devoted all their time, wisdom, and energy to the magnificent cause of the modernization of the country's national defense. They realize that without a strong national defense, national prestige and security and the people's well-being would be out of the question. These 20 specialists are painfully aware that the national defense industry, to which they have dedicated themselves, is facing a historic turning point. Their problem is how to understand and facilitate this turning point.

In the 1950's and 1960's, in order to organize teams of scientific and technological workers for the country's national defense industry, the state assigned the best university graduates and the most outstanding scientific and technological workers to the departments in charge of the national defense industry, with the result that there was a concentration of talented people in the industry. At that time, the Ministry of Aeronautics Industry and the Ministry of Ordnance Industry jointly owned a scientific and technological work force of more than 200,000. In addition, the best facilities and equipment went to the national defense industry. In recent years, because of the drastic decrease in the number of orders for military goods, this large force, with its excellent facilities and equipment, has been given fewer production tasks and it has had "not enough rice to cook." Given such a situation, even the best force would collapse in 3 to 5 years.

How can the problem be solved? Since 1978, in compliance with Deng Xiaoping's instructions, the national defense industry has adhered to the principle of "sustaining the Army by producing civilian products: and "switching to the production of civilian products without affecting the Army" by starting the production of civilian products. Work in this regard has developed rather significantly in recent years.

However, many people still feel that the production of civilian products is just an interim neasure and they are looking forward to an enormous increase in the number of orders for military goods. They think that by then, they would be able to go all out with the production of military products. This anticipation reflects their inadequate understanding of the historic turning point being experienced by the national defense industry and their failure to come to terms with the dominant trends.

## The Direction of the Development of the National Defense Industry

Premier Zhao Ziyang was aware of the apprehensions in the minds of the specialists. In a steady, low-pitched voice, he said: The scientific and technological force on the national defense industry front is a first class one. It is the cream of the country's scientific and technological workers. Generally speaking, its facilities and equipment are also the best in the country. Now, we should give thought to the problems of how to use this force and its facilities in the four modernizations, how to introduce changes in its business and services, how to enable it to switch to the production of civilian products, and how to enable it to serve the four modernizations. By now, the national defense industry should have developed to the point where it should, and should be able to, contribute more to the modernization of the country and its national defense.

The specialists present on the occasion were soberly aware that Premier Zhao Ziyang had the following circumstances in mind when he imposed the above demands on the departments in charge of the national defense industry: First, the country is engaged in the formidable task of the four modernizations and second, there would not be a large-scale war in the near future. Given these circumstances, the national defense industry can indeed contribute more to the development of the national economy. In the past, people rarely gave thought to the problem of applying the technology used in the national defense industry to the production of civilian products, with the result that this technology was prevented from producing the economic results and social benefits it is capable of producing. In 1985, these two ministries made their initial attempts to develop civilian products and the output value derived was already as high as more than 3 billion yuan.

Yang Yansheng [2799 3601 3932], a senior engineer, was also present at the meeting. He has succeeded in recovering light hydrocarbon by using a turbine cooler in the dehydration and liquefaction of oil field gas. If this method is popularized throughout the country, it can bring an income of 100 million yuan to the state each year. The torpedoes used in petroleum drilling differ only slightly from ordinary armor-piercing shells. In fact, departments in charge of the national defense industry have long solved the problems posed by production of heat-resistant dynamite. In the past, the departments in charge of the ordnance industry paid little attention to the application of technology to the production of civilian products and the departments in charge of the production of civilian products knew very little about the technology developed by the departments in charge of the ordnance industry, with the result that some departments introduced various types of technology from foreign countries without knowing that other departments had already mastered them.

In the history of the development of science and technology, many types of advanced technology were first applied militarily before they made civilian. If this can be said to be a law, then, the conscious application of this law today will necessarily have significant effects on the development of our national economy.

Maybe this is the bias of a certain profession and maybe the effects of the national defense industry's being a closed system have been too profound.

People on the national defense industry front have always regarded the production of military goods as their regular work and the production of civilian goods as non-regular work. In view of this popular view, Zhao Ziyang has introduced the idea of "joint Army-civilian" enterprises. In his own words, "joint Army-civilian" enterprises differ from those ordnance industry enterprises which produce some civilian products. A "joint Army-civilian" enterprise is one producing both military and civilian products. It produces more civilian goods in ordinary times and produces more military goods during wars. So long as there is not a large-scale war, the character of these enterprises will remain unchanged. Of course, in the event of a full-scale war, these enterprises as well as some others will have to switch to the production of military goods.

Zhao Ziyang said: This idea is related to the strategy for the development of the enterprises in the ordnance industry, the problem of long-term planning, the transformation of the enterprises, and the problem of how enterprises should be led and managed.

According to the specialists present at the meeting, the introduction of the idea of "joint Army-civilian enterprises" means a qualitiative, not quantitative, change, and all our work should be focused on this.

Since the founding of the country, China's ordnance industry, which was virtually nonexistent previously, has developed from an insignificant industry into an impressively large one with many remarkable achievements. The performance of some of the weapons and equipment produced by China is up to advanced international standards and the gap between China and other countries is diminishing. The workers on the national defense industry front have a noble sense of responsibility, that is, the feeling that they are guilty of dereliction of duty if they cannot arm our troops with the best equipment in future wars. Thus, in transforming the enterprises in the ordnance industry into "joint Army-civilian enterprises," they are most worried about whether or not we can ensure that our troops will not be armed with backward equipment.

Premier Zhao Ziyang's remarks dispelled their worries. He said: Of course, the work force and the productive forces in the national defense industry should continue to contribute to the modernization of our national defense. We need an elite force to tackle key problems, to raise standards, and to lay a foundation. More enterprises, more workers, and more of our scientific and technological strength will be involved in the four modernizations. We must not discuss the problems of "switching to the production of civilian products" and "not affecting the Army" independently of each other because, if we discuss the problem of "not affecting the Army" independently, we will encounter even greater difficulties. If the national defense industry can bring about a new situation in serving the four modernizations, it will contribute much to "sustaining our Army."

According to the specialists, who exchanged views after the meeting, they were enlightened by Zhao Ziyang's flawless analysis of the dialectical relationship between "switching to the production of civilian goods" and "not affecting the Army." The level of our national defense industry is determined by the level of our national economy. After the country's industry has developed, the country's ordnance industry can further develop. These specialists enthusiastically discussed the problem of how "not to affect the Army," the problem of how to organize forces, the problem of how "to switch to the production of civilian products," and the problem of how to make the production of an the scientific research concerning military and civilian products support each other.

Wang Yue [3769 6390], the radar technology specialist who is playing a leading role in developing China's latest antiaircraft fire control system, said: The combination of "the production of military products with the production of civilian products" should be a technically organic combination, with each supporting the other.

Military products should be up to very high technological standards. However, civilian products are supposed to be more durable and more beautiful than military products. In addition, the former is also supposed to be produced with less energy and at lower costs than the latter. Thus, success in the production of civilian products can facilitate the updating of the technology applied in the production of some military products.

Zhu Hesun [2612 7729 1327], Wu Cangpu [0702 3318 3184], Zhang Qishan [1728 0366 0810], Zhou Yaohe [0719 1031 0735], and Wu Qingfeng [0702 1987 7354] are specialists working at institutions of higher learning. They advocated the idea of turning the institutions of higher learning in the national defense industry into "joint Army-civilian" institutions which train people to be flexible all-rounders.

Other specialists gave thought to the problem of how to help their units, which have different strong points, contribute more, and the problem of how to contribute more to the four modernizations by developing more civilian products.

Wu Cangpu, a professor at Beijing Polytechnic University, said: The transformation of the enterprises in the ordnance industry into "joint Army-civilian enterprises" constitutes a structural reform and part of the country's reform of its economic structure. Whether or not this transformation will be successful depends on the efforts of the departments in charge of the national defense industry and the support of the departments in charge of the national economy.

The national defense industry's superior technology and superior facilities are its two major advantages. The enterprises in the ordnance industry should survive independently by making special efforts to produce facilities, equipment, and products that cannot be produced by ordinary plants and factories. They should study the market and information and develop from supply enterprises into commercial enterprises in order to be able to compete with other enterprises independently.

The specialists present at the meeting were confident that they can fight well and compete well. They have spent their youth fighting and competing and, almost without exception, they have experienced the time when China was forced by a technological blockade to independently surpass advanced world levels. Of course, their rivals today are people in the same trade, and the nature of the competition between them is quite different from that in the past. Although they embarked on the production of civilian products later than others, they are confident that they have the strength to compete so long as various departments and localities help them compete under equal circumstances. Apart from this, they also intend to compete with foreign producers of civilian products by putting their own products on the international market.

## Strengthen Lateral Ties and Liberate the Productive Forces

At the meeting, Zhao Ziyang stressed the need to strengthen lateral ties. He said: By establishing lateral ties, we can liberate great productive forces. The combination of productive forces refers to the cooperation between specialized departments and the combination of the essential productive factors requires us to combine human resources, national resources, capital, and technology, to eliminate the barriers between various industries, various regions, and various departments, and to combine enterprises depending on their mutual needs. This is a very formidable task. If we can indeed establish some combines, the ordnance industry will be able to make further use of their favorable conditions.

There can be many types of combines, such as those formed between China and foreign countries, those between the first line and the third line, and those between coastal areas and inland areas.

At present, China is cooperating with foreign countries by means of compensation trade, cooperative production, and the introduction of capital and technology from foreign countries. Chinese enterprises can establish combines among themselves by applying the same methods. Of course, combines must be formed without depriving the enterprises of their decision-making power. Only by doing this can we put an end to the subordinate relations between the departments and bring about enterprise groups.

Some departments and localities are not fully aware of the potentials and strong points of our national defense industry. Apart from this, the broad prospects for the formation of combines between the enterprises in the ordnance industry and various local enterprises have not received adequate attention. The specialists were worried that this situation may lead to difficulties in the transformation of the enterprises in the ordnance industry into "joint Army-civilian enterpirses." However, one can forsee that before long, insightful people in local enterprises will be able to see that given the strong points of the enterprises in the ordnance industry, the formation of combines will benefit the country, the enterprises in the ordnance industry, and the local enterprises themselves.

We should establish "joint Army-civilian enterprises" on the one hand and form combines on the other. This is the key to effecting a historic turning point in the national defense industry. As soon as we have created a new situation in this area, the enterprises in the ordnance industry will be able to make more contributions and many problems can be more easily solved. At the end of the meeting, Zhao Ziyang said: "It is necessary to help all the comrades involved in the ordnance industry understand the overall situation and not to be obsessed with the past. The longer we are obsessed with the past, the more passive we will become."

Contrary to the specialists' expectations, the duration of the meeting was about 3 hours, not 1 hour. When they left Huai Ren Hall, it was getting late. However, they were high-spirited and they felt that their minds had been enlightened!

Mo Wenxiang, minister of aeronautics industry, said: Our ministry is going to use 3 to 5 years to build "joint Army-civilian enterprises." It is hoped that by the end of this period, the output value of civilian products will account for 70 to 80 percent of the gross output value of all products. Tang Zhongwen, vice minister of ordnance industry, said: We will make arrangements for the production of civilian products on the basis of the principle of serving according to the focuses of the national economic development and the people's needs and contributing to exports, foreign trade, and the revitalization of the local economies, striving to eliminate all enterprises with deficits in 3 years and establishing a new system characterized by the existence of "joint Army-civilian enterprises" in 5 years.

## ANHUI GOVERNOR ON ECONOMIC REFORM IN COUNTIES

OW040555 Hefei Anhui Provincial Service in Mandarin 1100 GMT 2 Mar 86

[Excerpts] In the province's 22 counties where comprehensive economic structural reform is being carried out on an experimental basis, rapid economic growth and good economic results were achieved last year.

The reform has been mainly aimed at eliminating the practice of everyone eating from the same big pot and instituting a system of counties being responsible for their own finances. The measures taken to achieve this have been greater decision-making powers for county authorities and giving them a greater share of revenues.

As a result, these counties set the highest record in revenue last year, and their industrial output value totaled 2.63 billion yuan, an increase of 24.1 percent over the previous year. The growth rate was higher than the average of the province.

At a provincial meeting on rural work, Governor Wang Yuzhao affirmed the 22 experimental counties' experiences as being successful. He said: Their experiences are, in principle, applicable to the whole province. Counties where conditions permit may start comprehensive reform of the economic structure this year in accordance with the requirements set by the provincial authorities.

## RUI XINGWEN PREVIEWS SHANGHAI PARTY CONGRESS

OW281248 Shanghai City Service in Mandarin 0100 GMT 27 Feb 86

[Text] The Shanghai Municipal CPC Committee held a meeting at the Shanghai exhibition center yesterday afternoon to brief more than 80 responsible persons of democratic parties and representatives of nonparty public figures on the preparations being made for the upcoming fifth municipal party congress. Rui Xingwen, secretary of the municipal CPC Committee, told the nonparty participants about the main items on the congress agenda. He called on nonparty personnel who have cooperated with the party for many years to make more suggestions and work together for the fulfillment of the Seventh 5-Year Plan. Deputy Secretary Jiang Zemin also addressed the meeting. Attending the meeting were Huang Ju and Wu Bangguo, deputy secretaries of the municipal CPC Committee; and Zeng Qinghong and Mao Jingquan, members of the Standing Committee of the municipal CPC Committee.

## RUI XINGWEN ADDRESSES PARTY SCHOOL CEREMONY

OW021310 Shanghai City Service in Mandarin 0100 GMT 28 Feb 86

[Text] According to reports by JIEFANG RIBAO and WEN HUI BAO, a ceremony to mark the opening of the 1986 spring term of the party school under the municipal CPC Committee was held yesterday afternoon. Rui Xingwen, secretary of the Shanghai Municipal CPC Committee and principal of the school, spoke at the ceremony. He first called on all to respond to Comrade Deng Xiaoping's call to relax their minds and study hard at the party school, to study basic Marxist theory while carrying on the task of building socialism with Chinese characteristics, to explore existing problems, and to arm themselves with theory.

Rui Xingwen said: The fifth Shanghai party congress will be held soon. This is an important event in this city's political life. He urged all to show concern for the convocation of the congress and to study hard in order to carry out in an all-round ay the guidelines of the National Conference of Party Delegates and Shanghai's economic development plan. Wu Bangguo, deputy secretary of the municipal CPC Committee, also addressed the meeting.

## SHANGHAI PARTY RECTIFICATION SPREADS TO OUTSKIRTS

OW281230 Shanghai JIEFANG RIBAO in Chinese 22 Feb 86 p 1

[Text] Party rectification at the town and township level in Shanghai's suburban counties has been fully unfolded and will begin soon at urban basic-level units. The Shanghai Municipal CPC Committee's office in charge of party rectification recently held a meeting of personnel in charge of party rectification from the the party committees of various districts, bureaus, and counties to study ways to make party rectification at the grass-roots level a complete success. Comrades at the meeting held that to rectify the party it is necessary to solve the problems of understanding reforms, unifying the thinking of party members, warding off interferences, advancing resolutely, accepting problems in the course of reform, and facing the challenge of partial difficulties, thus consciously contributing to the reform.

The participants also noted: The majority of the units which are to begin party rectification soon are basic-level units. Although only about 200,000 party members are involved in this campaign, yet, as they have wide contacts with the masses, they directly embody the relationship between the party and the people and between cadres and the people. Therefore, to successfully carry out party rectification at this level, it is necessary to give priority to improving party style without fail. Party cadres and other party members should consciously refrain from seeking personal gain by abusing power. They must not contend with the masses for benefits, nor should they infringe upon their interests. They should strictly abide by regulations for such matters as housing, bonus distribution, and pay raises; they should effect a turn for the better in social conduct by setting a good example for the masses to follow. At the same time, in the course of party rectification, efforts should be made to investigate and deal with urgent cases, particularly important major cases. It is necessary to commend good persons and good things, teach party members by citing both typical positive and negative examples so that they are able to distinguish between right and wrong and to resist the onslaught of decadent bourgeois ideas.

During their discussion the participants proposed that in working out measures for party rectification, time and quality should be given consideration, and efforts should be made to improve work methods, leadership, and guidance.

## ZHEJIANG GOVERNOR MEETS JAPANESE DELEGATION

OW021204 Hangzhou ZHEJIANG RIBAO in Chinese 20 Feb 86 p 1

[Text] Governor Xue Ju and Wang Jiayang, chairman of the Zhejiang chapter of the Chinese People's Association for Friendship With Foreign Countries, yesterday evening met and feted a Japanese village and town enterprises study group led by Inoue Mitsukazu, president of the Shizuoka Prefectural Japanese-Chinese Friendship Association.

In recent years, medium-sized and small enterprises in Shizuoka Prefecture have expressed interest in the development of village and town enterprises in Zhejiang Province. The delegation from Shizuoka had come to explore possible exchanges and cooperation between Shizuoka's medium-sized and small enterprises and Zhejiang's village and town enterprises. Governor Xue Ju and Chairman Wang Jiayang warmly welcomed the visitors and admired their sincere desire to develop exchanges and cooperation with Zhejiang's village and town enterprises. Mr Inoue Mitsukazu and his party will visit village and town enterprises, such as textile and tanning machinery plants, refrigerator manufacturing factories, and silk fabrics mills in Hangzhou and Wuzhou.

## JINGJI RIBAO RE-EVALUATES SHENZHEN'S POSITION

HK011201 Beijing JINGJI RIBAO in Chinese 22 Feb 86 p 3

[Article by Yu Guoyao: "A New Perception of Shenzhen's Position Since Our Country Opened 14 Coastal Cities to the Outside World" -- first two paragraphs are JINGJI RIBAO introduction -- capitalized passages published in boldface]

[Text] A new multi-layer pattern of China's opening up to the outside world has taken shape with the setting up of special economic zones [SEZ's] and the gradual development of opening the coastal cities and the coastal economic areas. This is an important development in China's implementation of the policy of opening to the outside world as well as making concrete the strategic target of "closing in upon the East and moving to the West" in realizing socialist modernization. Here the Shenzhen SEZ has played the role of blazing new trails for China's implementation of the policy of opening up to the outside world.

As the Shenzhen SEZ experiment is still going on, the opening up of the coastal cities has given foreign businesses a wider scope in selecting the locality of investment in China. Conditions have changed, requiring us to have a new perception of the position and role of the Shenzhen SEZ, when a correct perception of, and giving play to its position and role determine the strategic target of economic development and long-term economic prosperity of the Shenzhen SEZ. The author puts forth his own views regarding this question.

Following the establishment of economic special zones in 1980, China announced the opening of 14 coastal cities and Hainan Island in April 1984. In January 1985, China decided to declare the Chang Jiang delta, the Zhu Jiang delta and the Xiamen-Zhangzhou-Chuanzhou delta in southern Fujian as economically open areas. This is an important development in China's plan to implement the policy of opening up to the outside world as well as making concrete the strategic target of "closing in upon the East and moving to the West" in realizing modernization.

The successive opening of China's coastal areas, which grew from the experimental special economic zones to include the 14 coastal cities has finally formed a new multilayer pattern encompassing all the economically open coastal areas. The formation and development of the open coastal areas are inseparable from the pioneer experiment of the Shenzhen SEZ. Here, the Shenzhen SEZ has blazed a new trail for China's implementation of the policy of opening up to the outside world. Without the pioneering experience of Shenzhen, it would have been very difficult for the party and the state to have made such an important strategic decision on opening the 14 coastal cities and Hainan Island in such a short time.

However, how to give full play to the advantages of the various layers in opening up to the outside world in the future and to organize them into an interrelated entity subject to the country's target of opening up to the outside world has become a new topic for the cities and regions in the economically open areas to earnestly study and answer. At the same time, because of the continuing experiment of the Shenzhen SEZ, the opening of the 14 coastal cities, and the Sino-British accord on the Hong Kong issue initialled in 1984, it is imperative to have a new understanding of the position and role of the Shenzhen SEZ. This is the demand of the progressive development of history.

### To Have a New Perception of the Position and Role of the Shenzhen SEZ

To my mind, in dealing with the question of how to have a correct perception of, and to give play to the position and role of the Shenzhen SEZ in opening up to the outside world, the following factors must be taken into consideration:

1. In its position as a special economic zone in China's implementation of the policy of opening up to the outside world, it still has very important influence at home and abroad. Persisting in the implementation of oepning up to the outside world and continuing to run the SEZ well is still a resolute principle and the most basic requirement.

2. Shenzhen has the unique geographical advantage of being a close neighbor of Hong Kong. This is unique among the coastal cities in China.

3. When the sovereignty of Hong Kong is returned in 1997, economic relations between Shenzhen and Hong Kong will inevitably enter upon a new developmental phase. Between them, there can be division of work as well as cooperation, and they will learn from and help each other, make up each other's deficiencies, promote each other, and share common prosperity. Shenzhen should make up for Hong Kong's deficiencies, and develop itself by relying on Hong Kong's advantages, and further strengthen the economic relations between Shenzhen and Hong Kong in order to advance toward a higher aim for developing China's modernization with concerted effort.

4. In the course of opening up to the outside world, since the opening of the 14 coastal cities, changes have taken place and will continue to take place in the position and role of Shenzhen. Such changes have resulted in the emergence of two features in Shenzhen's position: First, it continues to have the particular position and role of the first special economic zone; and second, in absorbing foreign funds and importing technology, they are in the same position for competition in the future. And Shenzhen's competitive advantage will inevitably determine the future of its development. This also means that before the 14 coastal cities were open, Shenzhen served as a "window" for China's opening up to the outside world. Many foreign businessmen invested in Shenzhen chiefly in the hope of making Shenzhen a base to get themselves into the Chinese market. With the opening of the 14 coastal cities, the attration of China as expanded from the original "window" of Shenzhen to the various "windows" of the open coastal cities, and the scope of freedom for foreign businessmen in selecting a site for their investments has expanded. Therefore, it is impossible for the Shenzhen SEZ to maintain its original position in attracting foreign investment. At present, Shenzhen can still attract foreign businessmen, this is chiefly because of the advantages it displays in competition with the 14 coastal cities. In this respect, the state will guide the entire economic activities of the country in opening up to the outside world based on the relative advantages of each open city along the coast. And the state will also give guidance and support to the Shenzhen SEZ, focusing on how to give play to its advantages. However, the future development of Shenzhen is chiefly determined by developing and strengthening itself through competition with other coastal open cities and in the world market. Despite the fact that the specific policy for the special economic zones includes the factor of competitive power, it does not mean that this is realistic comptetitive power. This is the new situation and new problem facing the position and role of the Shenzhen SEZ in opening up now, following the opening of the 14 coastal cities.

Under the new conditions, the Shenzhen SEZ must maintain and continue to bring into play the spirit of boldness in exploration and practice in the initial stage of the SEZ in order to continue the "experiment" and to provide new experience for the coastal open cities and the economically open regions as well as the whole country. On the other hand, we should note that with the opening of the 14 coastal cities, China has expanded its "windows" to the outside world, and big industrial cities such as Shanghai, Tianjin, Palian, and Guangzhou in particular, have become the Shenzhen SEZ's direct opponents in competition. This is a grave challenge to Shenzhen. Although the conditions provided for the investment of foreign businessmen of the 14 coastal open cities and the other economically and technoligically open regions are not so attractive as in the SEZ, they are favorable.

Therefore, faced with the opening of the 14 coastal cities, Shenzhen must enhance its attractiveness to foreign investment in order to develop. The competitive power of Shenzhen will basically determine its prospects.

Therefore we can see that to have a new perception of the position and role of the Shenzhen SEZ in opening up to the outside world is indispensable for the state from now on in making stragetic decisions on the Shenzhen SEZ, and is helpful in guarding against arbitrariness. Regarding Shenzhen itself, it is favorable for correctly and macroeconomically mastering the scope and orientation of the municipal development of the SEZ, and to avoid the pursuit of "being big and complete," and negligence in the selection of development targets of "localized economy" and "comparative costs," which is of utmost importance in opening up to the outside world for the whole country as well as the future development of Shenzhen.

To Have a Correct Perception of, and To Give Play to the Position and Role of Shenzhen

Since the founding of the Shenzhen SEZ, great achievements have been scored in municipal construction, commerce, foreign trade and industry, but at the same time, some problems have emerged. True, some of them are mistakes and shortcomings in the work of the SEZ, but the surfacing of many problems has in many respects reflected an important related issue, namely, how to have a correct perception, and how to bring into play the position and role of Shenzhen's close neighbor Hong Kong.

For years, different ideas on whether "to focus on industry or trade" existed in Shenzhen, centering on the issue of developing outward-oriented industry. Shenzhen's original conditions as an industrial base were rather poor, but it has the superior geographical advantage of proximity to the international trading center of Hong Kong, and is at the juction of the Hong Kong and hinterland markets, thus providing vast possibilities for Shenzhen to develop its foreign trade. Hence the two different views on developing outward-oriented industry. In dealing with the relation between industry and international trading, relevant departments of Shenzhen have tended to evade the difficult, and to take up the easier tasks; they are willing to go in for commerce and trade instead of industry. Before 1985, Shenzhen's prosperity was mostly maintained by commerce and trade and the real estate business, not by reliance on industrial development and growth in export. In the past 2 or 3 years in particular, its entire economic prosperity has been promoted chiefly by reliance on trade, accumulating funds through commodity transactions, and foreign exchange circulation. It is precisely because of this that the proportion of commerce and trade is always larger than that of industry in Shenzhen. Since 1985, Shenzhen has had a clearer understanding of developing outward-oriented industry, and has been determined to adopt the economic strategic target of comprehensive development with industry as the key, simultaneously developing industry and trade, and combining trade with industry and technology. This is the basis that determines the long-term economic prosperity and development of Shenzhen. Practice over the past year has proved that Shenzhen is advancing toward this target, with a brighter prospect of developing its outward-oriented industry.

Based on our inspection of Shenzhen's practice over the years and our new perception of the position and role of the Shenzhen SEZ since the opening of the 14 coastal cities, we would like to present our immature views on the following questions.

1. CONCERNING THE ROLE OF THE SHENZHEN SEZ AS A "WINDOW." Looking back at practice over the past few years, the requirements on Shenzhen giving play to its pivotal role of "four windows" and "two windows" is correct. Shenzhen should exert its efforts to fulfill these requirements.

Generally speaking, importing foreign advanced technology and scientific managerial experience by absorbing foreign funds, with developing industry as the key, has been the method adopted by many countries in running "processing regions." As a comprehensive special economic zone, it is correct for Shenzhen to propose the policy of taking industry as the key and to encourage the comprehensive development of other trades. But since the opening of the 14 coastal cities, Shenzhen should consider the superior advantages of its proximity to Hong Kong, its quick access to information, its convenient ties with Hong Kong and the world, and the fact that it has been regarded as a comprehensive bridge city in China's opening up to the outside world, as well as giving play to its role in absorbing foreign funds in developing industry, importing technology and managerial experiences. It is far superior to any other coastal city in unfolding international economic and technological exchanges. So long as Shenzhen pays attention to, and gives play to its unique superiority in this field, its role as a "window" will be expanded in its economic activities.

For example, Shenzhen may play the role of a medium, organization, experiment, and dissemination for the import and export of technology for the whole country by unfolding various organizations and activities to initiate an information market, providing information internally and Chinese information externally. According to the specific conditions of Shenzhen, it is possible for it to develop into a region with unique characteristics in information, service, foreign trade, finance and training of qualified people. The superior position and conditions of Shenzhen in the above-mentioned fields are incomparable and irreplaceable to any of the 14 coastal cities, neither can any other coastal cities hold a candle to Shenzhen in the role as a "window" in these respects.

2. CONCERNING THE COMMERCE AND TRADE OF THE SHENZHEN SEZ. Over the past few years, Shenzhen has rapidly developed its commerce and trade, tourist industries, and real estate business. Commerce and trade, and real estate business have not only become the chief sources of funds for the development and construction of the SEZ but have also created certain conditions for its industrial development. This is in conformity with the objective needs of the construction of the Shenzhen SEZ. In a certain sense, the economy of the Shenzhen SEZ has fallen into the structural category of commerce and trade as the key over the past few years, which is unavoidable in the initial state of building the SEZ.

However, it is obvious that if the Shenzhen SEZ fails to develop its industry, it will not be able to fulfill its role of the "four windows", at the same time, it will deviate from the original purposes of the state in setting up the special economic zones. There has been some loss of control in the rate of development of Shenzhen's commerce and trade in the past 2 years, and a considerable proportion of its business and trade has developed under the influence of a two-tier price structure, one for Hong Kong-Shenzhen and another for Shenzhen-the Interior. Reliance on re-exporting to the interior foreign goods imported at high prices in foreign currency became at one time Shenzhen's principal commercial activity, particularly in the second half of 1984. Of course, within the stipulations of state policy, some re-exporting of imported commodities to the interior to take the place of imports is permitted. However, such a large-scale re-export of high-quality consumer goods for profit runs counter to the aim of the Central Committee in setting up special economic zones, and the tasks assigned to them. In 1985, the state strengthened its macroeconomic controls, put credit under control, and intensified foreign exchange controls, with the result that this situation has been basically transformed.

Now the Shenzhen SEZ has further stipulated the development of outward-oriented economy with industry as the key, and, at the same time, proposed the principle of "developing industry and trade simultaneously, combining trade with industry and technology."

This proves that attention is given to taking industry as the key, but it does not mean that commerce and trade or the consideration of giving play to geograpical advantage of Shenzhen can be neglected, because it is not appropriate for the state to take commerce and trade as the key in setting up special economic zones, and to turn Shenzhen into a free trade zone. However, apart from industry, the geographical condition of Shenzhen as a close neighbor to Kong Kong is really suitable for it to develop trade and commerce. Correctly giving play to advantages in this respect will be helpful to Shenzhen's economic take-off. The reason for "developing industry and trade simultaneously" lies also in the fact that industrial products entering the world market as commodities or being marketed in the interior must rely on trade to open the market, relay information, and supply raw materials when Shenzhen itself is short of natural resources and its market capacity is limited. Without raw materials and a domestic and an overseas market, it is impossible for the SEZ to develop its industry.

Here it is necessary to stress that, because of Shenzhen's proximity to the international trading center of Hong Kong, it has a peculiar position in developing foreign trade. Its superior geographical position and the preferential conditions of the SEZ do provide tremendous possibility for Shenzhen to develop its foreign trade. Shenzhen may have Hong Kong's help in developing into an international business and trading center. By vigorously developing external economic relations and trade, actively taking part in international division of work, opening up international markets, and bringing into full play the external radiating role of special zone, the conditions will exist for having foreign trade act as an "accelerator" for the development of the entire economy of Shenzhen. The key to whether Shenzhen can ultimately become a "trading house" port city lies in the breadth and depth of the development of its external economic relations and trade.

3. CONCERNING THE DEVELOPMENT OF OUTWARD-ORIENTED INDUSTRY IN THE SHENZHEN SEZ. In developing outward-oriented industry, Shenzhen must put the adoption of advanced technology in an important place, and the industrial structure of the SEZ must take the gradual construction of industry with advanced technology as the key. The proposal of such an aim for Shenzhen is correct and necessary. However, it will not be easy for Shenzhen to import advanced technology and to develop technologically intensive industry because the original industrial base and technical capability of Shenzhen were weak, its energy resources are insufficient, and protectionism was practiced in international trading. It can only be realized through hard work.

Practice has proved that in developing outward-oriented industry, Shenzhen should not set too high a demand on itself too rapidly in the near future, and should not blindly seek high, newly-developed technologies. It should combine economic rationality with advanced technology, and combine the focus of development in the near future with the long-term target. Not only should the advanced level of technology be taken into consideration, but also its own capability of absorption and digestion. It is necessary to consider economic results and to bring in foreign exchange through export. Not only should the needs of the whole country be considered, but also the question of Shenzhen's economic ability can take up the burden. At present, Shenzhen is actively and selectively importing more technology and knowledge-intensive industrial technologies. At the same time, it is working hard to bring into play the advantages of its traditional products, and to create more "first" products for the SEZ, in order to gradually form a series of its products to enter the overseas market. It is concentrating on developing traditional industry enquipped with advanced but suitable technology in the near future, doing its best to start from a higher level, with more of its products being marketed abroad. Of course it can go in for some labor intensive types of industry that will bring in foreign exchange, but the proportion should not be too great.

With the continuous growth of its industrial technical power, it may develop technology and knowledge intensive projects and high-tech industry with focus and selection, and eventually build an industrial structure with advanced industry as the key.

In the course of developing outward-oriented industry, if Shenzhen is good at bringing into play its superior advantage and the favorable conditions of its proximity to Hong Kong, grasping the opportunity of the rising worldwide technological revolution, doing its best to have certain advantages in importing high technology, and directly utilizing the results of the new technological revolution while relying on Hong Kong to open an overseas market and to help mend its inefficiency in technology and knowledge, it is possible for it to enhance its competitive power and to effect the "bringing forward one's advantages and avoiding one's shortcomings." In the selection of the category and structure of industry, Shenzhen must, based on the same principle, take into consideration those industrial structures favorable to suiting the world's new technological revolution and the trends of changes in industry, and are comparatively advanced in technology, strong in absorption and digestion, high in adaptability, and comparatively flexible.

4. CONCERNING THE "CONVERSION" OF INDUSTRY WITH INTERNAL FUNDS IN THE SHENZHEN SEZ. To convert existing industry with domestic funds in the Shenzhen SEZ from the inward-oriented to the outward-oriented type as quickly as possible is a matter requiring solution at present. In the volume of Shenzhen's industrial exports in 1984, products of joint-ventures with Chinese and foreign capital, cooperative operation enterprises, and enterprises with monopoly foreign capital accounted for 98.9 percent of the total volume of industrial products export, while the products of enterprises with domestic funding (including municipal industrial enterprises, and enterprises run in the form of cooperative operation between Shenzhen and counterpart enterprises of the interior) accounted for only 1.1 percent of the total volume of industrial products exported. In 1984, domestically funded industrial enterprises exported $2.209 million worth of industrial products, while they imported $320 million worth of articles for their own use. The imbalance is obvious. Domestically funded industrial enterprises inside the Shenzhen SEZ have not yet acquired a relative capability for overseas marketing. Its industrial production has leaned too much on assembling and processing with imported raw materials and parts, with their products chiefly sold in the home market. Hence, the imbalance in their foreign exchange. This is the biggest problem of the Shenzhen SEZ at present in developing outward-oriented industry. Therefore, readjusting and reorganizing these enterprises, converting them from inward-oriented to outward-oriented industry, and promoting the export of their products in order to bring in more foreign exchange has become a top priority task for Shenzhen in achieving an outward-oriented industry.

Those industrial enterprises run by Shenzhen itself or those enterprises run in cooperation with their counterpart enterprises of the interior in Shenzhen should utilize the "window" of the Shenzhen SEZ, and work hard to import, digest, and absorb foreign advanced technology and scientific managerial experiences, so that they may be transferred to the interior as quickly as possible and may yield good results. At the same time, Shenzhen should utilize the advantages of the natural resources of the interior, intensively processing the raw materials and semi-finished products of the interior in Shenzhen, then packing the products nicely before sending them to the world market to bring in income in foreign exchange, thus accelerating the economic development of the SEZ as well as the "four modernizations" of the interior. However, only a few enterprises are capable of realizing this target, while the overwhelming majority are utilizing the SEZ preferential conditions to import parts duty free, which are assembled and processed in a simple way, and sent to the home market. This runs counter to the tasks assigned to, and requirements made on SEZ industrial enterprises by the state.

In order to solve the "conversion" problem of domestically funded industrial enterprises it is primarily necessary to make it ideologically explicit that persistence in developing outward-oriented industry is the basic requirement for the economic development in the SEZ. On the basis of raising our ideological understanding, it is necessary to make full use of, and to bring into play the greater decision-making power of the SEZ, to actively convert those industrial enterprises with domestic funds to outward-oriented industry by importing advanced technology and cooperating with counterpart enterprises in the interior. It is necessary to import advanced and suitable technology in a big way, and to organize the inflow to Shenzhen of raw materials and semi-finished products as well as the traditional famous-brand foodstuffs, and light and textile products from the interior, and to export them in nice packaging based on the requirements of the world market. Huasi Company Ltd, Shekou, is doing exactly this and its output value has grown by 140 to 150 percent. The example of Husai Company in importing advanced technology and carrying out cooperation with counterpart enterprises in the interior may be referred to by those industrial enterprises with domestic funds in their "conversion." At present, the Shenzhen city government must strengthen its macroeconomic control, adopt economic and administrative measures, organize, and give guidance to the "conversion" of domestically funded industrial enterprises.

Regarding those enterprises that need conversion and possess the conditions, the government should stipulate a time limit for their conversion, and provide them with some help. As to those enterprises that need conversion but lack certain conditions, the government should actively create the conditions for them and promote their conversion. Finally, concerning those enterprises which cannot be converted, they should be readjusted and replaced as soon as possible. From now on, strict selection must be conducted when any new industrial enterprise is to be set up. And those enterprises whose products are not up to the world's advanced level, not marketable overseas, or can not be substituted for imported articles in the same category, and those enterprises that can operate in the interior do not need to be run in the SEZ and should not be allowed to exist here.

5. CONCERNING THE SHENZHEN SEZ'S ACCEPTANCE OF THE STATE'S MACROECONOMIC CONTROL. Since 1985, the state has strengthened macroeconomic control while implementing the policy of opening up to the outside world and invigorating the domestic economy. Practice has shown that this has played an important role in ensuring the healthy development of the Shenzhen SEZ. In other words, it is imperative to strengthen the macroeconomic control of the state over the SEZ, and the economic construction and activities of the SEZ must be subject to and serve the overall interests of the national economy. What should arouse our attention at present is that, on the one hand, there is a view in the SEZ, and one-sided understanding, that "there is nothing special in the SEZ" because of some necessary regulations and measures in macroeconomic control. On the other hand, in exercising macroeconomic control, the central authorities and departments concerned at provincial level do fail to make a distinction between SEZs and non-SEZs. Therefore, it is necessary for SEZs to have a clear idea that they must accept the macroeconomic control of the state while exercising microeconomic control, and the central authorities and departments concerned at provincial level must heed the difference between SEZs and non-SEZs. This is because the SEZ is an economy with market regulation as the key -- market economy closely linked with the international market, under the direct influence and restriction of the international market. This is different from economic activities with planned guidance as the key. Therefore, in implementing macroeconomic control over the SEZ, certain specifications and flexibility are needed in order to meet the requirements of fierce competition in the international market, the needs of absorbing foreign funds, and to raise managerial efficiency to the maximum, and to strengthen the competitive power of the SEZ and its products in the international market. Requiring unanimity in everything and over-rigid control are not favorable to the development of the SEZ.

"Continuing to open up, but not to tighten up," is the principle and spirit China focuses on in implementing the policy of opening up to the outside world at present. The Shenzhen SEZ should exploit its role better from now on. Apart from Shenzhen's own efforts, it needs the powerful support of the central authorities and the provincial departments concerned in creating conditions for the SEZ to develop outward-oriented industry. In drawing up relevant policies and regulations, in particular, consideration should be given to the requirements of specific measures for specific affairs of the SEZ and new measures for new undertakings. "The whole country should support the SEZ, and the SEZ should serve the whole country." It is of great significance to the opening up of the whole country, to reforms and socialist modernization to persist in running the Shenzhen SEZ well.

## MAO ZHIYONG ON HUNAN'S RURAL COMMODITY ECONOMY

HK280437 Beijing NONGMIN RIBAO in Chinese 17 Feb 86 p 1

[Report by correspondent Jia Furong and reporter Chen Jifang: "Mao Zhiyong Points Out: Do Not Disrupt the Household Contract System in Promoting Cooperation and Uphold the Principle of Voluntary Participation and Mutual Benefit"]

[Text] "To gradually perfect the cooperation system with household operations as its basis and service as its focus and to establish patterns of cooperation and integration differing in content, form, and scale, providing peasants with many-sided social services -- this is an objective demand of the development of the rural commodity economy and also a fundamental goal in deepening rural reform. Various areas must seriously approach and realistically handle this matter well." This is what Secretary of the Hunan Provincial CPC Committee Mao Zhiyong said at a conference of chief responsible party-member cadres of prefectures (autonomous prefectures) and cities of Hunan Province and of departments and bureaus directly under the province held to study and uphold this year's Central Document No 1.

In recent years, in a number of areas of Hunan Province where the commodity economy is well developed, some peasants have realized that in developing the commodity economy, they must rely on social cooperation. There has arisen a strong desire for joint operation. Integration that cuts across villages, towns, and counties in regard to funds, technology, production, supply and sales, and other matters has begun. At present, there have emerged complexes and service-related joint organizations of various kinds. Given the proper combination of essential factors in production, these complexes are producing fruitful results. This is accelerating the process of rural economic development.

On how to consolidate, perfect, and develop rural cooperation in the new year, Comrade Mao Zhiyong stressed that in regard to the guiding thought, we must insist on proceeding from reality and follow the will of the peasants. We can neither take a relaxed attitude nor act overhastily. Still less can we use such means as a political movement to impose implementation. In matters of policy, we must uphold two rules: 1) We can never disrupt the household contract system as a basis; 2) We must uphold the principle of voluntary participation and mutual benefit. In regard to form, we must allow flexibility and variety and avoid applying the same fixed standards in every case. Concerning economic organiztions involving regional cooperation, we should do a good job of providing services and handling matters of management and operation. In our approach to work, we should base guidance and demands on different conditions of economic development in different areas. Areas of all kinds must continue to perfect the contract responsibility system of linking remuneration to output where fields, mountain forests, and water areas are concerned.

## YANG RUDAI AT SICHUAN FINANCIAL REPORT MEETING

HK030401 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 27 Feb 86

[Text] On 27 February, the provincial department for foreign economic relations and trade held a meeting on consolidating financial discipline. Yang Rudai, secretary of the provincial CPC Committee, attended the meeting and listened to the reports. Over the past three months or so, the provincial department for foreign economic relations and trade systematically checked the financial discipline of enterprises and made remarkable achievements. The appearance of enterprises was greatly changed. Both the economic responsibility system and the discipline concerning labor were further improved. Therefore, economic results have also been remarkably improved.

## SICHUAN MEETING URGES ACTION ON INDUSTRY PROBLEMS

HK030237 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 2 Mar 86

[Excerpts] The provincial government held an urgent telephone conference on industry and communications production on the evening of 2 March. Vice Governor Ma Lin reported on the situation in industrial and communications production and outlined arrangements for future work. Analyzing the situation this year, Ma Lin pointed out that the growth rate of industry and communications production has dropped this year and economic results have declined. This must be rapidly put right. There has been some turn for the better in output since the last 10 days of February.

Ma Lin said: There are many reasons for the drop in output growth rate and the decline in economic results. Objectively, it is a fact that changes have occurred in the sales situation of the products of some enterprises, there is a shortage of floating capital and electric power, and some factories do not have enough to do. But, more important, there is, subjectively, not enough hard work. Due to the failure of ideological work to keep abreast of requirements following the readjustment of wages, there is a lack of measures for invigorating enterprises under macroeconomic control, and production arrangements during new year and Spring Festival were irrational. Vice Governor Ma Lin gave the following views on industry and communications production at the meeting:

1. We must seriously eliminate blind complacency and slackness, brace our spirits, and get a good grasp of our work. Under the premise of improving economic results, the province should achieve a growth rate of 8 percent in industrial and communications production this year and strive for a 12 percent increase. We must squarely face the difficulties that have currently arisen in production. The January and February shortfalls must be recouped in March. Enterprises whose situation is good must strive to increase output more.

2. Strengthen ideological and political work. In correcting unhealthy trends, it is necessary to get a good grasp of investigating and dealing with major and important cases. We must perservere in normal and effective methods of doing economic work.

3. While invigorating the large and medium enterprises, we must work hard to develop urban and rural collective enterprises.

4. Strictly consume electric power according to plan.

5. Improve work style and do work on the spot. We must talk and act in a more practical way.

## SICHUAN MEETING DISCUSSES PRICE ISSUES

HK020245 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 28 Feb 86

[Text] A provincial conference on price work was held in Chengdu from 21 to 27 February. Comrades from all cities, prefectures, and counties, and responsible comrades concerned in the provincial organs attended. (Cheng Zhiping), director of the State Prices Bureau, and Gu Jinchi, vice governor of Sichuan, attended and spoke. The meeting held: In last year's price reform work, we seriously implemented the principle of combining lifting restrictions with carrying out readjustments and advancing step by step. Extremely important gains were made as a result of taking a look each step we advanced. Judging the situation, progress has been smooth, conditions are normal, and the results are better than expected. The price structure, which had been distorted for a long time, is now gradually becoming more harmonious and rational.

The meeting held that in this year's price work, it is necessary to do a good job in two items of work while upholding the principle of consolidation, digestion, replenishment, and improvement: 1) Keep prices basically stable; 2) Do a good job in investigation and study, to create conditions for preparing for future price reforms. The meeting also exchanged experiences in doing a good job in price work in the new situation, and commended the advanced.

## YANG RUDAI SPEAKS AT SICHUAN PROPAGANDA MEETING

HK020955 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 27 Feb 86

[Text] According to SICHUAN RIBAO, between 22 and 24 February, the Propaganda Department of the provincial CPC Committee held a meeting of directors of city and prefectural propaganda departments and party secretaries of universities and colleges. The meeting decided that in this year's propaganda work, we must continue to act in an in-depth way in the spirit of the National Conference of Party Delegates; further correct the guiding ideology of cultural, education, and public health departments; conduct education in party work style and party spirit; conduct education on the present situation, policies, the legal system, discipline and the cadres' study of basic Marxist theory on capital; firmly grasp the education reform; strive to improve the quality of propaganda department cadres; and promote reforms and the building of the two civilizations.

Yang Rudai, secretary of the provincial CPC Committee; and Nei Ronggui and Feng Yuanwei, deputy secretaries of the provincial CPC Committee; and Nei Ronggui and Feng Yuanwei, deputy secretaries of the provincial CPC Committee, attended the meeting and made speeches. The meeting was presided over by Xu Chuan, provincial CPC Committee Standing Committee member and director of the Propaganda department. The participating comrades held: In order to remain uncorrupted and promote healthy tendencies, Propaganda Department cadres must constantly heighten their level of theoretical understanding and professional skills. They must also strive to achieve better social benefits. The meeting also discussed the ideological and political work among universities and colleges. The party committees in the institutions must proceed from the viewpoint of cultivating qualified personnel with ideals, morality, good educational background, and discipline. They must unremittingly grasp the ideological and political work, and strive to score better achievements this year.

## YUNNAN CIRCULAR ON TAX, FINANCE INSPECTION

HK280441 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 26 Feb 86

[Text] The provincial people's government recently issued a circular demanding that all prefectures and departments at the provincial level seriously do well in the large-scale inspection of tax revenue and finances at the later stage and from start to finish.

The circular points out: After 5 months of hard work, our province has scored relatively good achievements in the large-scale inspection of tax revenue and finances. However, some prefectures and departments have not dealt promptly with the problems found through inspection, and money which should be paid into the state treasury has been paid into the treasury slowly. In view of this, the provincial government demands that: All prefectures and departments must seriously do well in the large-scale inspection at the later stage. In accordance with the policies and with the spirit of being beneficial to reform, to the development of production, and to the upholding of financial and economic discipline, we must deal seriously with problems uncovered through inspection.

The circular points out: In this large-scale inspection, the following demands must be carried out in some 40 percent of all prefectures and departments. The taxes and profits after key inspection must account for some 60 percent of the total amount of taxes and profits. All violations of discipline discovered through inspection must be dealt with completely as far as possible in accordance with the policies. At the end of the large-scale inspection, the money paid into the treasury must account for some 80 percent of the money which should be paid into the treasury. Through the large-scale inspection, we must seriously review experiences and lessons and perfect all systems. The prefectures and departments which fail to satisfy the foregoing demands must not abolish their large-scale finance inspection organs or transfer the inspection personnel.

## YUNNAN VICE GOVERNOR ON ENTERPRISE REFORM ISSUES

HK010301 Kunming Yunnan Provincial Service in Madarin 2300 GMT 28 Feb 86

[Excerpts] Vice Governor Zhu Kui spoke at the provincial economic work conference on 28 February, dealing with the questions of persevering in reform and invigorating large and medium enterprises. He said: The provincial CPC Committee and government have decided to regard invigorating the large and medium enterprises as an important task in organizing the province's economic work this year. We must do everything possible to basically invigorate one-third of these enterprises this year.

Vice Governor Zhu Kui stressed: Invigorating large and medium enterprises obviously requires that leading organs at all levels streamline their administration and delegate their powers, so as to create an excellent external environment for enterprises. However, the decisive key to whether an enterprise can be invigorated lies in turning its eyes inward, strengthening management, doing a thoroughly sound job in all internal reforms, fully tapping its own potentials, and increasing its capacity for self-reform and self-development by improving its economic results.

In connection with the current new situation in economic work, Zhu Kui proposed that the enterprises should grasp the following items of internal work: 1) Institute the responsibility system for plant managers and directors and, in connection with this, the responsibility system for targets to be attained during the tenure of office of managers and directors. 2) The enterprises should carry out internal streamlining and delegation of powers, institute graded division of management powers, and do a good job in organizing operational contract responsibility systems. 3) Actively promote all-round quality control and improve product quality. 4) Achieve a big drop in consumption of raw materials and fuel, awarding bonuses for good work in this respect. 5) Vigorously promote technological progress. 6) Strive to improve the quality of the work force and do a good job in providing all-round training. Vice Governor Zhu Kui also stressed the important issue of actively developing lateral economic ties between enterprises and thus opening up new ways of invigorating large and medium enterprises.

## YUNNAN GOVERNOR CITES HU YAOBANG ECONOMIC ADVICE

HK020121 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 1 Mar 86

[Excerpts] On the morning of 1 March, He Zhiqiang, deputy secretary of the provincial CPC Committee and governor, spoke at the provincial economic work conference to convey the important instructions of CPC Central Committee General Secretary Hu Yaobang on economic work in Yunnan, Guizhou, and Guangxi, delivered at the Nanning conference. He also spoke on a number of strategic ideas of the provincial CPC Committee and government on studying and implementing Comrade Yaobang's instructions and on future economic development in Yunnan.

Comrade He Zhiqiang said: During the Spring Festival, Comrade Hu Yaobang led a central organ work group to Yunnan, Guizhou, and Guangxi to investigate poor regions there. He also delivered extremely important instructions on economic work in the two provinces and one region. In accordance with Comrade [illegible]ang's instructions, in developing Yunnan's economy we must give prominence to [illegible] mineral and subtropical resources and to the large area of pasture in the mountain regions. These are our three strong points.

Yunnan already has a certain foundation in developing mining. We have done a great deal of geological prospecting and research in the past 30 years and more. There are a number of key enterprises of all sizes, and township mining enterprises have also developed to a certain extent. At present, the masses' enthusiasm for mining has surged to an unprecedented extent. All-round development of the province's mining is now gradually forming. This is the major foundation for developing mining and proceeding in depth and breadth.

In the future, we must continue to solve a number of problems in understanding and in system, continue to open up to the world, and thus promote still more flourishing development of mining in the province. We must also grasp the in-depth processing of mineral products. We must ultimately build the three great pillars of nonferrous metals, chemicals, and building materials. In developing subtropical resources, the province has greatly developed cultivation of rubber, medicinal herbs, sugarcane, fruit and so on in recent years. We have also established some scientific research organs. In the future, we must adopt some policy measures to solve the investment problem. We must make all-round arrangements, map out unified plans, and also vigorously step up scientific research and train specialists. In this way subtropical crops will become one of the main pillars of the province's economy. In exploiting the mountain pastures, we must pay attention to taking advantage of the vast area of these pastures to vigorously develop animal husbandry. This will solve the problem of donkey and horse transport in the mountains and also provide ample supplies of meat.

On the question of how to do a good job in economic work in Yunnan in the future, He Zhiqiang said: In accordance with Comrade Yaobang's instructions, we must in the future get a good grasp of the following tasks: 1) Promote the on-the-spot digestion and conversion of our coal resources. 2) Speed the modernization of the mining industry and develop the processing of minerals. 3) Vigorously exploit the subtropical areas and do a good job in providing services before, during, and after production. 4) Continue to develop township industry, put the stress on local resources, and aim at enriching the masses. 5) Grain production must not be relaxed, and the whole province must attain basic self-sufficiency in grain. 6) Develop communications to solve the province's problem of external links and improve communications within the province.

He Zhiqiang also stressed the importance of solving the food and clothing problem for the masses in poor areas. He pointed out: We must pay great attention to this problem. We must give these areas a blood tranfusion and also enhance their ability to improve themselves, that is, their self-reliance capability.

## NI ZHIFU SPEAKS ON TIANJIN'S RURAL WORK

SK020150 Tianjin TIANJIN RIBAO in Chinese 5 Feb 86 pp 1,2

[Excerpts" of speech by Ni Zhifu, member of the Political Bureau of the CPC Central Committee and secretary of the Tianjin Municipal CPC Committee, delivered at the municipal rural work conference on 1 February 1986]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, our municipality has made new steps every year in developing its rural economy and achieved marked results in various fields. The output-related responsibility system has been extensively instituted in rural areas, initial results have been achieved in the readjustment of rural production setup, all trades in rural areas have developed in an all-round manner, and the living standards of peasants have shown noticeable improvement. The rural economy has become vigorous and has begun to take the track of developing the commodity economy in a planned manner. These achievements represent the result of the conscientious implementation of the CPC Central Committee's principles and policies and persistent efforts in reform, the result of the hard work of the masses of cadres and people working bravely on the agricultural front for a long period of time, and the result of great support rendered by all trades and professions throughout the municipality. Based on these achievements, we should carry out reform persistently and continue to advance. This conference has set forth a clear guiding ideology, major tasks, and policy measures for this year's rural work. I hope that everyone will implement them conscientiously. Here, I would like to raise one issue. That is, when we make consideration for our municipality's reform and construction, we should foster a strategic idea of integral development of urban and rural areas.

The strategy of internal development of urban and rural areas means chiefly that we should regard cities and the countryside as a whole, and make overall consideration and arrangements for them when we think over problems and map out work plans so that they will develop in a balanced manner, and achieve prosperity side by side, and so that the difference between urban and rural areas and between industry and agriculture will be narrowed. The reasons for my raising this issue are as follows: First, the focus of our country's economic structural reform has been shifted from rural to urban areas, and the reform has developed to such a stage that it is very difficult to be further deepened without the coordination and balanced development of urban reform. Such a situation is all the more conspicuous in the field of circulation. Second, the swift and powerful development of the rural commodity economy has broken through the closed natural economy, and the ever-growing close relations between urban and rural areas have set forth on objective demand for establishing a new pattern of comprehensive development in both urban and rural economy. Third, industry and agriculture are interdependent. Agriculture is the foundation of the national economy, and industry is the leading factor. Agriculture provides a wide market and abundant resources for industrial development, and industry provides a reliable guarantee for agricultural development and technological progress.

In the course of realizing industrialization, we should avoid such situations in which industry is developed while agriculture shrinks, cities are "prosperous" while rural areas are destitute, and the rural population pours into cities in large numbers as have appeared in some capitalist countries. We should take the road of rational economic structure and the common development and prosperity of urban and rural areas. We should further develop new socialist relations between urban and rural areas and build worker-peasant alliances on a more solid base. Fourth, there have always been inseparable relations between the rural economy of the suburban counties and the urban economy that were established in the course of historical development.

As an old industrial base, Tianjin has fairly substantial material and technological foundation, and a fairly developed rural economy of the suburban counties. If we combine the superiority in industry, transportation, technology, and information of the urban areas with that in labor force and natural resources of the rural areas, new productive forces will develop, and the national economy of our municipality as a whole will develop in a sustained, stable, and coordinated manner. The above-mentioned four reasons prove that our municipality's adoption of the strategy of integral development of urban and rural areas is necessary and possible.

Much work should be done in implementing this strategy. Comrade Ruihuan's speech on the connection between urban and rural reforms and Comrade Wu Zhen's speech on the development of rural commodity economy all deal with problems related to this strategy. Here, several issues also come to mind. First, the "Seventh 5-Year" Plan and our mid- and long-term plans should embody the strategic idea of integral development of urban and rural areas.

Second, all departments in charge of comprehensive economic affairs should further foster the idea of achieving common prosperity in both urban and rural areas and should be concerned with and support agricultural production and the development of the rural areas. All planning commissions should study and guide the economic and social development of the rural areas; all scientific and technological commissions should grasp the "spark plan" and organize scientific and technological workers to serve the rural areas; all economic commissions should pay attention to the development and renovation of town and township enterprises; all construction commissions should pay attention to the planning and construction of towns and townships; and all agricultural commissions should strengthen macroeconomic control over the rural work as a whole in close cooperation with pertinent departments. All departments in charge of the domestic and foreign trades, and financial, banking, tax, and price affairs should actually serve the development of the rural commodity economy. Third, we should strengthen material and technological support for the rural areas and the construction of cultural undertakings. We should appropriately transfer and disseminate industrial products and technologies to rural areas and develop integrations and cooperations between the urban and rural enterprises. We should establish a number of new commercial enterprises which link agriculture with industry, link agriculture with commerce, and link agriculture with industry and commerce, and which break the demarcation between different localities and departments.

The urban scientific and technological units as well as the relevant universities and colleges should help the suburban counties establish and improve the agrotechnical centers which link demonstration with popularization and training. We should vigorously develop the educational, cultural, and public health undertakings in rural areas and continually narrow the gap between the cultural undertakings of the urban and rural areas in the course of gradually narrowing the gap between the material living standards of the urban and rural areas so that the urban and rural areas will move side by side in building socialist spiritual civilization. All professions and trades should contribute to the development of the rural areas in line with their characteristics and conditions. Fourth, along with the expansion of urban industry and the development of the rural economy, we should appropriately accelerate the construction of the suburban counties and towns and gradually form a rationally distributed network in which small and medium-sized cities are built in different sizes around large cities.

Fifth, we should exchange urban and rural cadres at the district, county, or bureau level in a planned way, rationally readjust the cadre structure, and improve the comprehensive leading ability of cadres. Sixth, through carrying out experiments, we should gradually expand the decision-making powers of suburban counties and strive to gear their powers to the needs of assuming overall responsibility for the economic development and harmonizing the county commodity production as a whole.

Seventh, suburban counties should attend to the second step of reform, should improve the circulation and cooperation systems, should continue to readjust the production set-up, should strengthen the construction of the foundation of material technologies, should strive to provide still more and better foodstuffs for the urban areas, and should strive to increase foreign trade and exports in order to make still greater contributions to the development of the urban and rural economy.

Here, I would like to speak on the rectification of party style with which the people are greatly concerned. The National Conference of Party Delegates, held in September last year, pointed out that the rectification of party style is the key to rectifying the social atmosphere. Last November the General Offices of the CPC Central Committee and the State Council issued a circular in line with the instructions of the central authorities, calling for efforts to solve the six serious problems regarding the work style of offices and eliminating all corrosive phenomena. On 6 and 9 January the Secretariat of the CPC Central Committe held the meeting of cadres of the central level, at which Comrades Hu Yaobang, Zhao Ziyang, Tian Jiyun, Yang Shangkun, and Wang Zhaoguo delivered important speeches, calling on the central party and government organs to set an example for the people across the country. Recently, Comrade Deng Xiaoping made an important speech on rectifying party style, and Comrade Chen Yun issued important written instructions on this issue. We, the municipal CPC Committee, will firmly support and implement the correct arrangements of the CPC Central Committee for rectifying party style. Recently, the municipal CPC Committee has concentrated on grasping the rectification of party style. The fourth enlarged plenary session of the fourth municipal CPC Committee, held at the end of last year, regarded the rectification of party style as one of the work emphases of 1986 and set forth four major measures.

On 30 December, the municipal CPC Committee issued a circular on further improving the work style of organs and formulated 10 stipulations. On 12 January 1986, the municipal CPC Committee issued another circular calling on the municipal leading organs at all levels and all party members and cadres to conscientiously study the important speeches of the central leading comrades, including Hu Yaobang. The municipal CPC committee has already investigated and handled some major and appalling cases. At present, forces are being organized to deepen the investigation and handling of cases. The municipal CPC Committee has decided that all persons involved in a case, regardless of who they are, should be strictly dealt with in accordance with party discipline and state laws.

Here I want to brief you on the several guidelines on grasping current party style studied and defined by the municipal CPC Committee. First, we should conscientiously study the guidelines of the central directives and deeply understand the great significance of improving party style. Improving party style is a major political task affecting the whole situation, and a very important organizational and ideological measure. At present our municipal political and economic situations are good, and all fields of work are being smoothly carried out. We have already worked out clear plans for the economic, scientific, technological, and educational structural reforms and made practical arrangements for industrial and agricultural production, urban construction, the people's livelihood, and other fields of work. The "Seventh 5-Year" Plan is being formulated with great attention. However, we must sober-mindedly note that it will be impossible for us to guarantee the implementation of our various plans and tentative ideas and to consolidate and develop a political situation of stability and unity if our party style is bad and popular morale is low.

Second, in improving party style, we should strengthen leadership and grasp the work firmly, continuously and steadily. We should rely on the masses and should not rush headlong into mass action. We must guard against the practice of letting everybody pass in the course of investigating problems. In line with the central plans and the arrangements made by the municipal CPC Committee, the municipal CPC Committee, the municipal government, and the municipal-level leading organs should take the lead in grasping the work. Both the higher and the lower levels should attend to the work, and each and every level should grasp its own work, study and discuss the central plans, make corrections in the course of investigation, not adopt a wait-and-see attitude, and take action in a down-to-earth manner. Third, in improving party style, we should proceed from investigating and handling specific cases and pay special attention to grasping and handling major and appalling cases. We should conduct ideological education among cadres who have general problems and encourage them to make self-criticism and corrections. We should pay attention to grasping the general study, education, investigation and correction work in the whole municipality. We should integrate education on ideals, discipline, the current situation, and policies with that on party spirit, party style, and party discipline, strictly carry out inner-party political activities, strive to improve the world outlook, and take the initiative in resisting and overcoming unhealthy trends. The municipal level leading organs should set examples for the whole city in improving efficiency, exerting efforts to study and to observe discipline, and strengthening party spirit.

Fourth, we should correctly understand the situation, note the seriousness of malpractices, and should not negate the main trend because of the malpractices. We should also strictly implement the party's policies. We should not confuse the unavoidable faults emerged in the course of reform with the practice of abusing one's power to seek personal gain. The reform enthusiasm of the cadres and the masses must be protected. While improving party style, it is necessary to publicize and commend the advanced models, foster healthy trends, establish and improve the relevant rules, regulations, and systems. Cadres at all levels should strictly observe and implement the existing rules, regulations and systems of the central authorities and the municipal CPC Committee. Fifth, we should improve party style through studying the speeches of the central leading comrades and promote and guarantee the fulfillment of our municipality's various tasks set for 1986.

## SUN WEIBEN AT HEILONGJIANG PUBLIC HEALTH CONFERENCE

SK040807 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 3 Mar 86

[Text] The provincial conference on public health and disease prevention work ended on 3 March. Attending and addressing the conference was Sun Weiben, secretary of the provincial CPC Committee; Hou Jie, governor of the province; and Chen Minzhang, vice minister of public health. Vice Governor Jing Bowen presided over the conference.

The conference announced the decisions of the provincial CPC Committee and the provincial people's government on awarding the collectives and workers outstanding in preventing and treating local endemic diseases, and awarded trophies, merit certificates, silk banners, and inscribed boards to those national and provincial advanced workers and collectives in preventing and treating local endemic diseases and to those civilized provincial-level public health units. Entrusted by the Leading Group for the Prevention and Treatment of Local Endemic Disease under the CPC Central Committee, the conference also awarded the leading comrades of the provincial CPC Committee and the provincial people's government who have made outstanding contributions to the prevention and treatment of local endemic diseases. When Governor Hou Jie, Vice Governor Jing Bowen, and the retired veteran cadre, Wang Yilun, stepped on the rostrum to receive the prizes, a stormy applause broke out in the conference hall.

The provincial conference on public health and disease prevention work was held on 28 February in Harbin. The conference summed up the work in 1985, discussed the Seventh 5-Year Plan for public health and disease prevention work, and made arrangements for the work in 1986.

Sun Weiben, secretary of the provincial CPC Committee, pointed out in his speech: CPC committees and people's governments at all levels should list public health work as an item on their daily agenda, and should do good and actual work for the people. CPC committees and people's governments at all levels should regard public health and disease prevention work as a basic policy for supporting the poverty-stricken households to become well off, and bring the work into line with the overall planning for their economic and social development so that they can effect a simultaneous development in the public health undertakings and the economic construction.

At the closing ceremony, Governor Hou Jie delivered a speech on ways to achieve success in the public health and disease prevention work under the new situation. Governor Hou Jie said: This year, as well as during the Seventh 5-Year Plan period, we must give top priority to reform. In view of the provincial situation, we should give prominence to grasping the reform of the rural grass-roots public health organizations and the reform of the structure and management of the public health organizations, and should further establish and improve the rural three-level medical and public health network. In 1986, the provincial patriotic public health movement should be focused on such major cities as Harbin, Qiqihar, Mudanjiang, and Jiamusi, and such major cities should bring along those medium-sized and small cities so that the mass public health movement will spread from urban to rural areas. In preventing and treating local endemic diseases, we should comprehensively implement various disease prevention measures, with the focus on preventing and treating Daschin-Beck disease and the local fluorine poisoning disease.

In his speech, Governor Hou Jie also stressed the necessity of fundamentally improving medical morals and conduct and actually strengthening the leadership over the public health and disease prevention work.

Also attending the closing ceremony were Li Jianbai, chairman of the provincial People's Congress Standing Committee; Huang Feng, secretary general of the provincial CPC Committee; and Wang Yilun, a retired veteran cadre of the province.

## LIAONING'S LI GUIXIAN ATTENDS LANTERN FESTIVAL

SK260326 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 25 Feb 86

[Text] The lantern festival opened by Shenyang City on 8 February has attracted a large number of spectators. Though light snow was falling on the evening of 25 February, a continuous stream of visitors still came to Nanhu Park to view the lantern exhibit. Since 1980, Shenyang City has sponsored a lantern festival each year in January of the lunar calendar. In order to make the exhibit convenient for the people, the city people's government has moved the festival site this year from Zhongshan Park to the more-spacious Nanhu Park. At Nanhu Park, the city has provided for the spectators more than 200 luxurious palace lanterns and gauze lanterns; more than 200 glittering ice lanterns; and more than 70 electric lanterns. At the park, some rural folk dance troupes organized by the plants in Shenyang City also presented their performances to add to the fun.

Also visiting the lantern festival were leading comrades from the provincial and city organs, including Li Guixian, secretary of the provincial CPC Committee, and Li Changchun, deputy secretary of the provincial CPC Committee and secretary of the Shenyang City CPC Committee.

## LIAONING CRACKS SERIOUS SWINDLING CASE

SK281410 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 26 Feb 86

[Text] Recently, Lingyuang County cracked an extraordinarily serious economic case committed by (Linghua) company with regard to swindle. Since its founding in October 1984, the company has signed 56 contracts beforehand with 34 units, worth more than 104.98 million yuan in total. It accepted more than 2.539 million yuan of deposits. Of these deposits, more than 215,000 yuan were spent by the staffers of the company, including its manager (Xiao Xiangru).

At present, the company's staffers including its manager (Xiao Xiangru) have been put into custody for investigation. (Xiao Xiangru) was sentenced to 6 years' imprisonment on charge of swindling; the payment of his salary was suspended; and he remained in the post of worker. In October 1984, he was released upon completion of his sentence. Then, he defrauded the Lingyuan county authorities of the business license for the (Linghua) company by making a pretext for opening a joint-venture enterprise with (Boluozhangzi) village in (Beiluo) township of the county and by submitting a false document on 60,000 yuan funds. In order to make things convenient for their swindling, the company has, then, defrauded in succession the county authorities of the five business licenses, including one for the (Lingshu) corporation, by resorting to all sorts of tricks. Thus, they have indulged in a big way in swindling activities by engaging in speculation.

As of now, the county has initially discovered that there are 4 retired cadres, 13 family members and relatives of cadres, and 18 cadres of the state public security, industrial, and commercial apparatuses, involved in the case.

## NORTHWEST REGION

### GANSU'S LI ZIQI MEETS VISITING CYL GROUP

HK020945 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 27 Feb 86

[Text] This morning, Li Ziqi, secretary of the provincial CPC Committee, and Jia Zhijie, deputy secretary of the provincial CPC Committee, met Song Defu, first secretary of the CYL Central Committee, and his party, who came to inspect the province. Consisting of 16 cadres of the CYL Central Committee, the work group for grass-roots work headed by Song Defu will conduct a 2-month investigation in some counties and cities of Wuwei Prefecture. It will also help the work of grass-roots CYL organizations..

### LI ZIQI AT GANSU RURAL WORK CONFERENCE

HK040147 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 3 Mar 86

[Excerpts] A provincial rural work conference which concluded today proposed that this year the province should continue to carry out rural economic reforms in depth, fully implement the principles and policies laid down, and rely on technological progress to promote the sustained, coordinated, and steady development of the rural economy. The meeting pointed out that, to attain this goal, the province must be guided by this year's Central Document No 1, further readjust the rural production structure, and correctly handle the relationship between planting grass and trees and promoting diversification on the one hand and cultivating grain on the other.

The meeting held: The question of economic development in poor areas is the fundamental problem in rural Gansu. While continuing to get a good grasp of work in poor areas in central Gansu, the provincial authorities should also pay much attention to helping to transform poverty in old revolutionary bases in eastern Gansu and moutain areas in the south of the province.

Provincial CPC Committee Secretary Li Ziqi spoke at the close of the meeting. He pointed out a number of problems in guiding rural work which merit the attention of leaders at all levels: 1) It is necessary to have a full understanding of the principle of taking agriculture as the foundation. 2) It is necessary to predict the problems that may arise in agricultural development. 3) Regard enlivening cirucuation as a major cardinal link. 4) Do a thoroughly good job in rural ideological and political work. 5) Leading cadres must devote efforts to policy research and tangibly solve practical problems.

### GANSU SETS TASKS IN DISCIPLINE INSPECTION WORK

HK020153 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 1 Mar 86

[Excerpts] The third plenary meeting of the provincial discipline inspection commission, which concluded today, proposed that five tasks should be tackled this year in order to bring about a fundamental turn for the better in party style. The meeting lasted 4 days. The meeting pointed out that although there has been a marked turn for the better in party style, it is essential to clearly perceive that there are still still some problems in some departments and units and among a few party-member cadres and leading cadres, and some problems are serious. There are two main reasons why it has not been possible to rectify unhealthy trends in the party: 1) There has been universal slackening of ideological and political work, and some party members lack strong party spirit. 2) We have talked a lot but done little in improving party style, and we have not been strict enough in enforcing discipline. This year the province must get a good grasp of the following tasks:

1. Seriously study and implement the spirit of the National Conference of Party Delegates, the Seventh Plenary Meeting of the Central Discipline Inspection Commission, and the fifth enlarged plenary session of the sixth provincial CPC Committee, and further enhance the understanding and sense of urgency of the party committees and discipline inspection commissions at all levels regarding improving party style.

2. Go all-out to curb a number of malpractices.

3. Do a good job of education in party spirit and improve the quality of the party members.

4. Strictly enforce discipline.

5. Continue to crack down hard on serious economic crime and solve the problem of the serious degree of bourgeois liberalization in the ideological field.

By yearend, the provincial organs must achieve a basic turn for the better in party style, and prefectural and county organs must take a wide turn for the better. A fundamental turn for the better should be achieved throughout the province in 2 years.

Wang Bingxiang, a member of the Central Discipline Inspection Commission, and Liu Bing, deputy secretary of the provincial CPC Committee, spoke at the meeting. Wang Zhanchang, member of the Standing Committee of the provincial CPC Committee and secretary of the provincial Discipline Inspection Commission, delivered a report on work in 1985 and the tasks for 1986.

## QINGHAI FULFILLS POPULATION CONTROL PLAN

HK040143 Xining Qinghai Provincial Service in Mandarin 2330 GMT 3 Mar 86

[Text] Qinghai Province fulfilled the population control plan stipulated for the Sixth 5-Year Plan period. The population at the end of 1985 was about 4.08 million, which was about 20,000 less than the figure stipulated by the plan. During the period of the Sixth 5-Year Plan, the province's planned parenthood departments seriously implemented the principles and policies of the CPC Central Committee and State Council on planned parenthood and smoothly traversed the cyclical impact of the first baby boom of the 1950's. As a result the trend of blind population increase in the province gradually turned onto the track of planned development.

In planned parenthood work, while advocating that each couple should have only one child, the province made reasonable and planned arrangements for couples in real difficulty to have a second child. As a result, planned parenthood work has gained the support of the masses. Planned parenthood work in the province has made new progress since the promulgation of the Qinghai provisional regulations on the work issued in 1982. We have gradually narrowed the gap between Qinghai and the national average population growth. The growth rate fell from 11.68 percent in the Fifth 5-Year Plan to 8.25 percent in the sixth. The percentage of couples who have either undergone sterilization or are practicing contraception has increased. Some 47,000 couples have taken out single-child certificates.

## QINGHAI MEETING REVIEWS 'VERY POOR' PRODUCTION

HK030929 Xining Qinghai Provincial Service in Mandarin 2330 GMT 26 Feb 86

[Excerpts] Yesterday afternoon, the provincial government held a mobilization meeting on im proving the current situation in industrial production and transport. The meeting called on all enterprises to take measures to change the situation of very poor economic results in the province's industrial production in January and February.

(Guo Fangyan), head of the provincial commercial and economic department, made a report on the real state of affairs in industrial production in January and February. He said: The general situation in our province's industrial production is good. Compared with last year, there has been an improvement in the quality of most products, losses due to government policy incurred by some enterprises have diminished, and energy industries, such as power, coal, and crude oil have hit the production targets. However, there has been very uneven development of regions and departments. Compared with the corresponding period of last year, output in machine-building, building materials, chemicals, and some light industrial products has dropped. The province's total output value in industrial production in January and February amounted only to 240 million yuan or so, representing a rise of less than 1 percent over the corresponding period last year. Such a low growth rate will certainly affect the fulfillment of this year's plans.

Vice Governor Wu Chemgzhi delivered a speech on the occasion. The mobilization meeting was presided over by Vice Governor Bian Yaowu. Attending were responsible persons of all offices and bureaus under the provincial industrial and transport departments as well as directors, managers, and party committee secretaries of all enterprises in the Xining area.

## BAI JINIAN STRESSES CORRECTING SHAANXI WORK STYLE

HK021113 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 25 Feb 86

[Excerpts] On the morning of 25 February, the provincial CPC Committee held a meeting of provincial organs' responsible cadres, at which Bai Jinian, secretary of the provincial CPC Committee, made a speech. He urged the cadres of provincial organs to take the lead in correcting party work style, and to set good examples for the province. They should strive for a remarkable turn for the better within this year in the work style of provincial organs.

In his speech Bai Jinian first reviewed the province's work in recent years in party work style. He affirmed that the province's party work style had been improved in many areas. He pointed out: Once we fail to realize this, we shall lose faith in the work, which is highly unfavorable to further correcting party work style. However, are indeed problems, or even corrupt phenomena in our party work style.

First, we do not bestir ourselves but indulge in bureaucratism. The cadres carry out the work without a strong sense of responsibility and handle matters inefficiently. This is the major unhealthy tendency of provincial organs. Second, cadres seriously indulge in liberalism and always publicize hearsay, rumors, and slanders. Third, cadres stress personal relationships when appointing people and making judgments. Instead of proceeding on the basis of the party's policies and principles, the facts, and competence, they are only concerned with their personal interests, their personal relationships, and the influence of privileged people. Fourth, the new unhealthy tendencies still exist. Fifth, orders and prohibitions are not strictly enforced. Sixth, they abuse power, accept bribery, and extort money.

Comrade Bai Jinian urged the organ cadres to do well in the party rectification of provincial organs. He stressed: In the next 2 months, various organs and departments must concentrate their efforts and leadership to really do well in the work. The principal leader must be personally in charge of the work, while other leaders must make concerted efforts in the work. Those leaders who are really incompetent must be replaced.

Bai Jinian said: Various units most discover the focal points of their work so as to achieve breakthrough points when correcting party work style. An important element of the work is that we should seek truth from facts and solve problems, particularly major ones. Once we discover them. It is not necessary that every department should have major cases, but they undoubtedly face, in varying degrees, various problems. Some of them may be even very serious. So long as we grasp the focal point and concentrate our efforts on it, we shall promote a turn for the better in the whole party work style.

Bai Jinian urged the leading cadres of the provincial CPC Committee and the provincial government, as well as those of various departments, committees, offices, and bureaus, to take the lead in examining and correcting the unhealthy tendencies and in setting examples for all party members. Comrade Bai Jinian pointed out: In the course of correcting party work style, we must, from start to finish, strengthen education in party work style, party discipline, and party spirit. Leadership at all levels must seriously announce several recent regulations and circulars of the CPC Central Committee, the CPC Central Committee General Office, and the State Council General Office on enforcing discipline and correcting unhealthy tendencies. From now, on whoever knowingly violates discipline or does not strictly enforce orders and prohibitions will be dealt with seriously.

Furthermore, Comrade Bai Jinian pointed out: In the work of correcting party work style, we must attach great importance to policies. We should not launch any movement or let everyone pass the examination. We must rely on the masses to discover problems, and we must carry out practical work. We must speak less and do more, be good at drawing a clear line of demarcation between some mistakes inevitably made in the course of reforming and the practice of abusing power, and be good at dealing with those people who pursue personal interests under the pretext of reforming, so as to ensure a smooth and healthy progress in the work of correcting party work style.

The meeting was presided over by Zhou Yaguang, deputy secretary of the provincial CPC Committee. It was attended by over 800 people, including responsible comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress, the provincial government, and the provincial CPPCC; principal responsible people of leading party groups of provincial departments, committees, offices, and bureaus; leaders of discipline inspection groups; and responsible people of Xian City at and above department level.

## XINJIANG LEADERS PAY TRIBUTE TO DECEASED OFFICIAL

HK280845 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 27 Feb 86

[Excerpts] This morning regional party, government, and Army responsible comrades, cadres, and masses paid their last tribute to the remains of Comrade (Wang Zhengdong), former deputy commander of the Xinjiang Production and Construction Crops, and vice chairman of the Fourth Regional CPPCC Committee and deputy director of the regional Planning Committee. Those regional party, government, and Army responsible comrades who paid last tribute to the remains of Comrade (Wang Zhengdong) included Song Hanliang, Wang Enmao, Tomur Dawamat, Zhang Sixue, (Tan Guangcai), Ismail Yashengnuofu, and Chen Shi.

## LEGISLATORS URGE GOVERNMENT TO REMAIN IN ADB

HK040556 Hong Kong AFP in English 0516 GMT 4 Mar 86

[Text] Taipei, March 4 (AFP) -- Several Legislators Tuesday urged the authorities to adopt flexible means to stay in the Asian Development Bank (ADB) to avoid worsening Taiwan's political isolation. In a written statement to the cabinet, legislator Hsieh Sheng-Fu asked the government to review its foreign policies and put practical national interest before political concerns in making decisions. Mr Hsieh was referring to Taiwan's membership in the ADB, one of the only 10 international organizations of which Taiwan is still a member, after China was admitted a new member last month.

Both Beijing and Taipei claim to be the sole legal government to represent the whole China.

Reports have said the ADB authorities would ask Taipei to change its name from "The Republic of China" to "Taipei, China" in order to sit together with its rival government. The Taipei authorities have reiterated its determination to make no concessions but have not made it clear whether it would withdraw from the 45-member financial organization based in Manila.

Mr Hsieh said a "new policy and flexible means" could break the bottleneck, suggesting the government to remain a member despite the name change.

Legislator Chiang Pen-Chien said Taiwan would eventually be left out of the ADB if the government kept stalling the membership issue, which would only worsen Taiwan's political isolation. The impractical way of facing the issue would make Taiwan lose its membership in other world bodies, he added.

Taiwan has adopted the policy of withdrawing from the international organizations when China was admitted as a new member. It also used to suspend diplomatic relations with the countries which recognized Beijing as the legal government for the whole China. The Republic of China on Taiwan now is recognized by 24 countries and a member of 10 world bodies.

## ADOPTION OF MORE FLEXIBLE FOREIGN POLICY URGED

OW040309 Taipei CNA in English 0239 GMT 4 Mar 86

[Text] Taipei, March 3 (CNA) -- To expand the Republic of China's foreign relations, a member of the Legislative Yuan urged the government Monday to review the current foreign policies to make them more flexible. With a view toward the most basic elements of national policy, the government should give national welfare the top priority while carrying out any foreign policies and stop functioning within the old framework, Legislator Hsieh Sheng-fu said in a written interpellation Monday.

The government need not break off diplomatic relations with those countries which intend to set up relations with the Peiping regime; the government should accept the good will of those nations which have diplomatically tied with the Chinese Communists and are also willing to open official relations with this nation, Hsieh suggested. The government, while doing so, must release formal statements to tell the world that the setup of such relations with not indicate the nation's acceptance of the model of "two Chinas," he said. It is just a temporary arrangement before the reunification of China under a democratic system, and the ROC Government and people have not changed their stand in helping all Chinese people win back their freedom, he said.

## MAINLAND REFORM TRIGGERS DOUBTS ABOUT COMMUNISM

OW050417 Taipei CNA in English 0243 GMT 5 Mar 86

[Text] Taipei, March 4 (CNA) -- Premier Yu Kuo-hwa said Monday that the Peiping regime's economic reforms have triggered endless power struggles among Red Chinese officials and resulted in a split in the communist ideology. Yu made the remark Monday at the Legislative Yuan in response to an interpellation by Legislator Lin Lien-hui. Lin suggested that the government work out effective strategies to deal with Peiping's economic front conspiracies and further the nation's economic influence to achieve the goal of reunifying China. Yu said the free, democratic and open society established by the 19 million people in Taiwan has prompted the people on the China mainland to ask the Peiping regime to make some basic economic adjustments.

The failure in pursuing economic reforms on the China mainland has already produced many side effects, such as huge trade deficits and inflation, thereby deepening the people's belief that an eventual collapse of the Peiping regime is sure, Yu said. Most importantly, such failure has created endless power struggles within the Peiping regime and created widespread doubts about communism, he said. In fact, the nation has already begun carrying out its mission of national recovery through its economic influence, judging from Peiping's open confession that its industrial structure is far inferior to that of this nation, Yu said.

At last, Yu urged the people here to help this nation become one of the advanced nations in the world by following the government's policies of economic liberalization and internationalization.

## PREMIER AFFIRMS POLICY ON REUNIFICATION

OW050413 Taipei CNA in English 0238 GMT 5 Mar 86

[Text] Taipei, March 4 (CNA) -- Premier Yu Kuo-hwa said Monday that the Republic of China will never change its policy on the reunification of China; that is, China must be reunified on the basis of freedom, democracy and economic prosperity. Yu said the reunification of China is not a political slogan, but an issue closely related to the happiness of all Chinese people. The Peiping regime's refusing to abandon communism and follow the Three Principles of the People is tantamount to "despising the people's wish to choose their own lifestyle," he said.

In response to an interpellation by Legislator Lai Wan-chung concerning the reunification issue, Yu said those who do not have strong will nor understand the nature of the Peiping regime are easily confused by the Chinese Communists who are good at propaganda and deception. Yu said that the only obstacle on the reunification of China is Peiping's imposition of communism on the China mainland. Although Peiping seems to have become more open and moderate as compared with the past, it has never given up its insistence on communism. Under such conditions, it is unrealistic to talk about reunification, he said. Yu said Peiping's peace proposal is nothing but a gesture and a strategy aimed at weakening the people's will and resistance against communism. If necessary, Peiping can scrap any written contract, not to mention its empty promises, he said, calling on the people not to fall into its trap.

## PREMIER YU REPORTS AT LEGISLATIVE YUAN SESSION

OW030811 Taipei CHINA POST in English 26 Feb 86 p 12

[Text] The successful outcome of the two most recent elections held on Nov. 16 last year and Feb. 1 this year is a clear indication that the concepts of democracy and the rule of law have been thoroughly cultivated in our people, Premier Yu Kuo-hwa said yesterday in view of the Philippines' turmoil after the Feb. 7 presidential election. He pointed out that though the ROC has demonstrated to the world its progress in promoting democracy and building a solid foundation for political development, some defects did surface in the course of these elections. "We must now conscientiously review and improve the process in order to assure our continuous realization of higher levels of constitutional democracy," the Premier stressed. Premier Yu made the remarks in his oral administrative report to the first meeting of the 77th session of the Legislative Yuan yesterday.

When speaking on national defense, Yu said that the nation has made remarkable progress in the domestic production of weaponry through the joint efforts of the military and academia and state-run private businesses. Various ROC-made weapons, such as armored vehicles and missiles, have now been deployed, he said, adding that advanced research and development work are in progress. As a result, several breakthroughs have been achieved in the development of combat aircraft and in air-defense missile systems, the Premier said.

He also pointed out that the freedom flights of many mainland Chinese pilots to Taiwan in recent years are clear proof that our political warfare against the enemy has been taking effect.

As to foreign relations, the Premier said that despite an omnipresent atmosphere of appeasement in the world and the Chinese Communists' efforts to isolate the ROC from the international community, "We do not stand alone." Though the ROC severed its formal diplomatic ties with the left-wing regimes in Nicaragua and Bolivia, the ROC has enhanced its ties with the growing new nations of the Pacific and Caribbean areas, Yu said. He noted that at present, the ROC maintains 57 representative offices in countries with which we have no official diplomatic relations and the nation's membership in international civic organizations has been increased to 663. By remaining enthusiastic in these activities, the Premier emphasized, "we have also keenly safeguarded our national rights and dignity."

While South Korea, South Africa and Saudi Arabia are the three major nations that have maintained diplomatic ties with the ROC, Yu said that the ROC's relations with both the U.S. and Japan have been expanded on a steady basis. As the ROC's trade surplus with the U.S. increased by 2 percent, the nation has cut tariffs on American imports to help narrow the trade gap, he said, adding that Taiwan's trade deficit with Japan last year was reduced one third from that of 1984.

While analyzing the world economy and trade, Yu told the lawmakers that among the newly risen "ASEAN Tigers," the ROC and South Korea registered the best performance with an economic growth rate of 4.7 percent for the former and 5.0 percent for the ROK. The average annual growth rate for the developed nations last year was 3.5 percent compared with a predicted 4.9 percent, the economist-turned-Premier said. Last year, both the U.S. and the West European countries reported an average growth rate of 2.3 percent. Meanwhile, there was a mere 3 percent growth in world trade, only a third that of 1984, Yu said, warning that the stagnant world economy has given rise to trade protectionism in the industrialized nations.

Slackening foreign demand also adversely affected the ROC's exports. Though the nation enjoyed a U.S. $10.6 billion trade surplus last year, the nation's exports registered a mere 0.9 percent in growth. With the total volume of two-way trade amounting to U.S. $50.8 billion, the ROC is now the 11th largest exporting nation in the world. And EUROMONEY magazine has ranked the ROC sixth among 119 nations in the world in terms of economic performances last year.

Yu also pointed out that in 1985, approved Overseas Chinese and foreign investment in Taiwan reached U.S.$700 million, the highest figure in recent years. It is evident that the ROC is and will always be an ideal place for investment, he added.

In restrospect, the Premier said that to liberalize and internationalize the nation's economy and trade, the authorities have made efforts to revise economic and social statutes and regulations, cut taxes, revamp the business tax system, rationalize interest rates, relax import-export controls, and promote the service industry.

To show the spread of education in Taiwan, the Premier also noted that 4,800,000 students have been enrolled in schools, and among them 400,000 are college coeds. Of the 837 county and city councilmen elected in Feb. 1, 253 or 30 percent are college graduates. And 132 or 43 percent of the 309 local magistrates and mayors chosen are college graduates, the Premier stated. In addition to academic studies, discipline and ethics must be strengthened as major subjects in the schools. Yu said.

At the Third Science and Technology Conference held this January, the authorities formulated a 10-year science development plan and another four-year plan to dovetail with the nation's four-year economic development project, he said.

Premier Yu concluded his report by predicting the fall of the Communist system and the eventual unification of China under the Three Principles of the People.

## CHINA POST CONSIDERS KMT'S FORTHCOMING PLENUM

OW030823 Taipei CHINA POST in English 26 Feb 86 p 4

[Editorial: "Hope for Third Plenum"]

[Text] The ruling Kuomintang (KMT) will soon hold its Third Plenum of the party's Central Committee Mar. 29. Local political observers have, through various media, expressed their expectation of the important forthcoming meeting, which in the past has been instrumental in shaping the Republic of China's fundamental policies and deciding key personnel. The ruling party announced Feb. 19 that the duration of the session will be extended from two days to three. Such a decision somehow is regarded as the KMT's sincere response to public anticipation. At this time, with the whole world concerned about the political turmoil in the Philippines resulting from a fraudulent electoral process, the Republic of China's economic miracle, achieved under a stable political situation, stands as a model for most of the developing countries. And the ruling Kuomintang can take credit for it. However, the case in the Philippines also serves as warning to the KMT to be wary of election fraud. Any fraud or violence in elections that is brought to light in the foreign media will not only damage the nation's image abroad, but also erode public confidence in the government.

Two local elections were held November last year and February this year; but, unfortunately, some instances of fraud were reported by the local press. For example, some extra blank ballots were held by a former nonpartisan candidate for a mayorship, who was defeated by a small margin. The government is investigating the circumstances but results have not yet been announced.

As this country is cultivating democracy and modernization, we simply deplore any voting irregularity and hope the KMT's Third Plenum will provide for discussions to safeguarding against such a recurrence, as the nation will hold another supplementary election by the end of this year.

The ruling Kuomintang has played a decisive role in steering the ROC to economic progress and political stability, and the Central Committee is the KMT's supreme organ: It is natural that the people pay close attention to the committee's Third Plenum sessions. Recommendations made by local scholars and experts are mainly related to political and economic affairs, but we would like to remind the party of issues which may be considered minor by policymakers but yet are significant to the rights and the welfare of the people.

We hope the party will make a decision to abolish the rule requiring crew haircuts for male students in senior and junior high schools. We find no reason for school authorities to enforce such a ruling. High school students are supposed to have free spirits.

We strongly urge the ruling party to pay close attention to our deteriorating social order. The number and the severity of crimes have greatly increased. In our daily newspapers, murders and robberies occupy a very large portion of local news. More and more people feel insecure in their homes and daily life. We urge the KMT to require its party members to strengthen their support of law-enforcement agencies.

Recently our three television networks have been strongly criticized by local viewers due to unethical competition. About two months ago, one station reportedly held up broadcasting of one episode of a serial and replaced it with another program for commercial purpose. More recently, two other stations simultaneously suspended the weather report to broadcast their new serials earlier than usual. Ironically, both serials are about Yang Yu-huan (710-756), concubine of Emperor Hsuan Tsung of the Tang Dynasty. This action deprived the audience of a scheduled program they had expected to see. We believe if the agenda of the Third Plenum session includes reviewing our television broadcasting regulations, such unethical competition will not happen again.

## PHILIPPINE COOPERATION PROJECTS TO CONTINUE

OW281215 Taipei CNA in English 1011 GMT 28 Feb 86

[Text] Taipei, Feb. 28 (CNA) -- The Republic of China will continue promoting various cooperative projects with the Philippines after new government was formed in that country, Foreign Minister Chu Fu-sung said Friday. Minister Chu said the government has already passed the message to officials of the Aquino government through proper channel. Chu emphasized that a great number of cooperative projects between the two nations are curently undergoing and many others under talks. The government will see to it that those continuing or yet to start will be carried out as planned.

Chu made the remarks in answering a legislator's interpellation Friday at the Legislative Yuan.

He said the Philippines is one of the most Chinese-populated nations in the world. Overseas Chinese there have been contributing remarkably in political, economic and social development in the Philippines. The government of the Republic of China will be glad to see continued contributions by Overseas Chinese to the Philippines, Chu said.

## TRADE BARRIERS WITH U.S. TO BE LOWERED

OW040404 Taipei International Service in English 0200 GMT 1 Mar 86

[Text] Spokesman for the ROC Foreign Ministry Chiu Chin-i said in a press conference this morning that the Republic of China will reduce its trade barriers and open its market to more American products in the future so as to help balance the trade between the two countries. Dr Chiu was answering questions on a recent visit by U.S. congressmen led by Don Sundquist of Tennessee on further reducing ROC-U.S. trade deficit. VOFC reporter (Henry Liu) was also on hand to cover the press conference. The following are the excerpts of the press conference:

During their visit to the Republic of China, the U.S. congressmen were told by our financial and economic leaders that the following measures have been taken to narrow the Sino-American trade gap:

A. To beef up Sino-American consultations in order to solve trade problems between the two countries;

B. To strengthen protection against infringement on the intellectual property rights;

C. To reduce tariffs and to open our market to American products; and

D. To continue dispatching procurement missions to the United States to buy American products.

The U.S. congressmen all expressed that they understood our sincerity and determination in reducing the trade gap. However, due to the pressure from their constituencies they still hoped that we would accelerate the pace of carrying out the above-mentioned measures to help stabilize and strengthen Sino-American trade relations. From now on, the Chinese authorities concerned will continue to make greater efforts to narrow the Sino-American trade gap to win support from the U.S. Congress and American people from all walks of life so as to minimize the nasty influence that U.S. protectionism might cause to us.

### Taipei Radio Commentary

OW040608 Taipei International Service in English 0200 GMT 1 Mar 86

[Station commentary]

[Excerpts] The Republic of China will sacrifice U.S. $55 million in customs revenue this year to keep pace with its free trading policy. While much of the world is (?increasingly moving) toward protectionism, free China has enacted legislation to reduce tariffs on nearly 200 products. This move was taken largely on behalf of the United States, with which the ROC has a big favorable balance of trade.

The Republic of China has been dedicated to free trade and opposed to protectionism for many years. But for an underdeveloped country, such a policy is more easily endorsed than implemented. When Taiwan was retroceded to the ROC by Japan in 1945, it had an agricultural economy with little industry. After land reform and with the assistance of the United States, small industries were developed to provide import substitution. Protectionism was an (?adjusted) necessity, especially as big industries came on the scene.

Automobiles are still priced about double the cost in Japan, and Japanese imports are banned. For some years, however, tariffs have been steadily reduced and imports removed from the list of banned products.

Taiwan's biggest trade problem is the favorable balance of trade with the United States. The big purchases from America are agricultural products, and Taiwan buys all that it can. To purchase machinery is difficult because of price, difference in the economy and the competition of the Japanese. So an effort is now being made to purchase American consumer goods. Even this is difficult when it comes to durable products because domestic competition offers a cheaper and more appropriate refrigerator or washing machine. The Japanese are also on hand with Taiwan-made products. It remains to be seen that at least the trade barriers are steadily coming down.

## XU JIATUN ASKED FOR 'RECOGNITION, RESPECT'

HK040509 Hong Kong SOUTH CHINA MORNING POST in English 4 Mar 86 pp 1, 14

[By C.K. Lau]

[Text] The senior Unofficial member of the Executive Council, Sir Sze-Yuen Chung, last night asked China for "recognition and respect" for Umelco's [Unofficial Members of Executive and Legislative Councils] role in Hong Kong's political system. At a reception for Umelco members hosted by China's top representative in Hong Kong, Mr Xu Jiatun, Sir Sze-yuen said representative government was an important factor stipulated in the Sino-British Joint Declaration and Umelco was a vital cog in Hong Kong's government system.

This was the first time since Umelco was snubbed by visiting Chinese officials that the leader of the Unofficials had publicly asked a Chinese representative for recognition. Sir Sze-yuen said in his speech that "an attitude of mutual recognition and respect" for Umelco would contribute to the maintenance of the territory's prosperity and stability.

After the reception, which was attended by 33 Unofficials, Sir Sze-yuen refused to elaborate on what he meant by saying that representative government was an important factor stipulated in the agreement.

And Mr Xu, director of the local branch of the NEW CHINA NEWS AGENCY, said: "This is his view." Mr Xu said he respected the view, but that did not mean he agreed with it.

In his speech, Sir Sze-yuen also told Mr Xu and other senior NCNA officials that the Legislative Council [Legco] had undergone important changes in the past few months. A large number of councillors had entered Legco through elections, Unofficials now formed the majority of the council, and the council had moved into new chambers in an historic building separate from the offices of the executive, he said. "These are important steps towards the development of representative government, which is an important part provided for in the Sino-British Joint Declaration," he said.

Sir Sze-yuen also took the opportunity to highlight the role played by the Unofficials in Hong Kong's present system of government as well as the importance of the legislature in the post-1997 government. He said the Chinese Government had listed some basic principles on the future structure of the Special Administrative Region [SAR] government in the joint declaration. "Two of them are that the Hong Kong SAR government's legislature will be constituted by election and its executive authorities must be accountable to the legislature," said Sir Sze-yuen.

His words were almost identical to those in two clauses of the agreement and which some people close to the Chinese Government have interpreted as meaning the executive will have to "consult" the legislature.

Sir Sze-yuen said the Hong Kong Government was responsible to the British Government for managing the territory under Section 4 of the Joint Declaration until June 30, 1997. At present, "the Unofficial members of the Executive Council and the Legislative Council are an important part of Hong Kong's governmental structure and this is undoubtable," he said.

Thanking Mr Xu for the reception, Sir Sze-yuen said: "We think that this kind of entertaining and an attitude of mutual recognition and respect would contribute greatly to our common goal of maintaining Hong Kong's economic prosperity and social stability.

"We also hope that in future we can have the opportunity to meet officials from China and exchange our views with them on issue of mutual concern."

He was apparently referring to the failure of Beijing to arrange for Umelco members to formally meet senior Chinese officials, such as the director of the Hong Kong and Macao Affairs Office, Mr Ji Pengfei, and its secretary-general, Mr Lu Ping, when they visited Hong Kong to canvass views on Hong Kong's future.

In his speech, Mr Xu said Hong Kong's overall situation in the past year was good, and the signing of the joint declaration was well received by the Chinese people and the people of Hong Kong. The "one country, two systems" concept had strengthened the confidence of Hong Kong "compatriots" and the local economy had performed satisfactorily. "We have reason to believe that in the new year Hong Kong's political and economic conditions will be better, and we are optimistic about Hong Kong's prospects," he said. Mr Xu said during the year since the signing of the Joint Declaration, the Chinese and British Governments had co-operated very well on the Joint Liaison Group and the Land Commission. It was encouraging that people from all sectors of Hong Kong, "including you friends here at the reception," had rendered great contributions to the implementation of the Joint Declaration in the first year of the transition period, he said.

## Editorial Praises Unofficials

HK050515 Hong Kong SOUTH CHINA MORNING POST in English 5 Mar 86 p 2

[Editorial: "The Wooing of Mr Xu Jiatun"]

[Text] Legislative Councillors have to recognise one fact of life. They have to serve Hong Kong not just today, this year and next year, but for the indefinite future before and, hopefully, after 1997. While it is difficult to predict the shape and character of the council after next year's review of electoral reforms, Legco's [Legislative Council] chief task will be to continue to represent the views and interests of Hong Kong people. Let us hope that the representative form of Legco will continue, for that is what people know and trust. The legislation they enact for Hong Kong has served us well over the years. We cannot rule out the prospect of change after 1997 but the basic purpose of a respected and representative (whether directly or indirectly elected or appointed) Legco must continue -- and that respect must come from the rulers and the ruled.

The Monday night Legco dinner by Mr Xu must be welcomed since it is important for the members to establish understanding with the representatives of the country which will one day be responsible for administering Hong Kong. Mr Xu's guarded response to his hosts' request for respect and recognition was not what the people of Hong Kong wanted to hear. However, as the old saying goes, Beijing was not built in a day.

It will be necessary for Umelco [Unofficial Members of Executive and Legislative Councils] to have many more dinners with Mr Xu before it will be possible to give him a better insight and understanding of their work and the role they play in the community. So let us look at that dinner not as the first and last contact between them, but the beginning of a long process to exchange views and ideas. In this way, they will be contributing to viewpoints now being collected on the Basic Law. This issue looms large in the minds of everyone at the moment. For it will outline the blueprint for our future constitution and ultimately our own system will have to dovetail with it. There can be no question of trying to hammer a square peg into a round hole.

Equally there can be no question of unilaterally shaving the sides of the square peg to meet the dimensions of the round hole. The process of consultation has to ensure that we have a rounded squared peg fitting as smoothly as possible into a squared round hole.

Mr Xu's comment that he "respected" the views voiced by Sir S.Y. Chung but did not agree with them was a typical first response to a situation with which China has yet to come to terms.

The Umelco set-up may be the right thing for Hong Kong at this time but how it evolves over the course of time is anyone's guess. That Mr Xu and Umelco can get together to discuss differences marks a good start. Let us not become too depressed that it did not produce instant agreement. We have a long way to travel in 12 years.

Indeed one reason why Sir S.Y. Chung and Miss Lydia Dunn have not joined the advisers on the Basic Law could be that they do not wish to associate themselves with a move which could ultimately undermine the body they now represent. Their position is to serve Hong Kong's interests today and they do that best by not compromising the institutions they represent and with which they are likely to be associated for several more years. If they were seen to be hedging their bets people might well wonder whether they could continue to be effective representatives fighting for the retention of the system that Hong Kong has devised and which it hopes to carry into the next phase of its existence. Sir S. Y. Chung and Miss Dunn were right to stand apart and indeed will be respected more, both by Chinese representatives and the people of Hong Kong for not taking their place on the Basic Law bandwagon. The Basic Law has to come, but they are in a better position to advise and recommend from outside its ranks than inside. Certainly they will be heard with greater respect.

## Non-Recognition Termed Appropriate

HK050511 Hong Kong SOUTH CHINA MORNING POST in English 5 Mar 86 p 11

[By Terry Cheng]

[Text] Beijing's full recognition of the status of Unofficial members of the Executive and Legislative Councils [Umelco] may be interpreted as interference in local affairs, said Mr Ho Sai-chu, a Legco [Legislative Council] Unofficial, yesterday. Mr Ho, also a local delegate to the Chinese People's Political Consultative Conference, said it was a reality that the two councils were still the highest political organs in Hong Kong during the transition. "However, it is not appropriate for Beijing to fully recognise the status of Umelco as they are now serving Britain and Hong Kong, but not China," he said. He said if Beijing took note of all "the words" of Umelco, people might think the two councils had become part of the Chinese set-up.

"This may be interpreted as Beijing's interference in local affairs." The British may not be happy to see that, as they are still ruling Hong Kong, he said. Mr Ho said Beijing could only respect Umelco's views, "but their views should have no binding effect on Beijing." Mr Ho was commenting on a request from the Exco [Executive Council] Senior Unofficial, Sir Sze-yuen Chung for China's recognition and respect for Umelco's role in Hong Kong's political system.

At a reception for Umelco hosted by China's top representative here, Mr Xu Jiatun, on Monday night, Sir Sze-yuen said representative government was an important part of the Sino-British Joint Declaration and Umelco was a vital cog in Hong Kong's government system. Mr Xu said that he respected Sir Sze-yuen's views but that did not mean he agreed with them.

In his speech, Sir Sze-yuen said the Chinese Government had already committed itself in the Joint Declaration to certain basic principles, which included the legislature of the Special Administrative Region government being constituted by election, and that the executive authorities shall be accountable to the legislature.

Mr Ho said he was not sure if the two principles mentioned by Sir Sze-yuen could be said to be part of the representative government system. He said Beijing had yet to form an opinion on the political system after 1997.

During the negotiations, Umelco unofficials were merely described as "well-known personalities" when visiting Beijing. The dinner on Monday was hosted by the NEW CHINA NEWS AGENCY in honour of Umelco as a group. And in his welcome speech at the dinner this year. Mr Xu addressed Sir Sze-yuen as "sir" rather than "mister," as Chinese officials have done in the past.

Leftwing newspapers reacted strongly to Sir Sze-yuen's view on representative government. One argued that representative government should only be applied to a sovereign state and it would not be appropriate to apply it to a place like Hong Kong. WEN WEI PO in a short commentary said people should read the Joint Declaration a few more times to see how administrative and legislative bodies were different, and how the local set-up differed from the British-style parliamentary system. Both WEN WEI PO and TA KUNG PAO also stressed the positive side of the remarks made at the reception about co-operation between the Chinese and British.

Mr Li Ming-kwan, a lecturer at the Polytechnic, said he believed that Beijing in principle did not recognise the status of Umelco. He said during the negotiations Beijing feared recognition would amount to acceptance of the "three-legged stool" concept in which Hong Kong would play a role in negotiations on its future. Beijing still did not recognise Umelco because it was still part of the colonial establishment here. However, he said Beijing would be flexible in its dealings, with Umelco for the sake of maintaining prosperity and stability.

Legco Unofficial Mr MartinLee supported Sir Sze-yuen's request and urged Chinese leaders to recognise the status of Umelco. He said he had not been consulted on the contents of Sir Sze-yuen's speech before it was made. "However, I endorse his request and the view that representative government is an important part in the Joint Declaration," he said. He said it would not make sense if Beijing recognised the 10 Official members of Exco and Legco, but did not recognise the 46 Unofficial members. "The Unofficials are part of the Government set-up," he said. He said the recognition would be conducive to Hong Kong's prosperity and stability.

Another Legco Unofficial, Mr Pang Chun-Hoi, said it was pointless to debate whether Umelco should be recognised by Beijing or not. "Since the banquet was held in honour of Umelco, its status was recognised," said Mr Pang.

## Compromise Urged

HK050501 Hong Kong HONG KONG STANDARD in English 5 Mar 86 p 6

[Editorial: "What Mr Xu's Rebuff Means to Today's Umelco"]

[Text] China remains adamant about not recognising Umelco. So Monday night's rebuff -- the third in recent months -- probably won't be the last. In the Chinese view, Umelco (for Unofficial Members of the Executive and Legislative Councils) is simply a tool of the British Government. And they deal with principals, not subsidiaries.

There is nothing sinister or underhand about it. It is not even subtle. And it is a view with which many will understand and sympathise. After all, the British are the final authority, why deal with lesser ones? Yet Umelco is, willy-nilly, an authority of considerable standing in the Hong Kong context. It has years behind it, it has influence and clout. It is a part of the Hong Kong structure. Attributes which Senior Executive Councillor Sir Sze-yuen Chung took great pains to point out at the Monday night dinner hosted by Beijing's top representative here, Mr Xu Jiatun. It does mean that so long as Hong Kong is run as it is today, and certainly it will be for some years to come, Umelco will remain a part of the structure.

What comes after 1997 is something else altogether. Umelco may still be around, perhaps with new faces. Or there may be another legislature with a different name. Maybe, even a different role. But, until then, Umelco is what we have and must be accorded due respect. That, at least, is a point conceded by Mr Xu when he said that Umelco's views will be respected, though not necessarily accepted.

Point taken. But it needs to be added that anything less will not merely undermine the existing structure, it will, like some other previous acts of ommission or commission, rattle the confidence of people in Hong Kong and potential investors abroad. Now, more than ever, we need to reinforce this confidence. The job will get harder, the closer we approach 1997. Every little bit now helps. That Mr Xu and Umelco members can meet across the dinner table is one of these little contributions. There ought to be more. Setting pre-conditions for each meeting by either party would not be in Hong Kong's interests. What is important, in the long run, is a continuing dialogue between Umelco members and Chinese representatives. Face is important to the individual, but it has absolutely no bearing on our collective interests. This, after all, is what Umelco and Chinese representation here is all about: our collective interests. For one party to denigrate, slight or ignore the other is to injure our collective interests. This is also not the time to be brandishing strictly held principles. Many would find that simply unnerving. Principles can be followed without ruffling others' feathers.

But it might serve our collective interests more if some compromises could be made. Politics, after all, is never played strictly by the rules. There are no rules. Only an endless string of compromises as precedents. What, after all, is China's modernisation programme if not a compromise of the once vaunted principles of Marxism? And that compromise was arrived at in the collective interests of the Chinese people.

Just as China has changed, so has Umelco. No longer are all members in the legislatures there by let and licence of the Governor. Some are elected; these do represent sections of our community. If they are anybody's underlings, then they are the underlings of our own people. They are in the chambers to voice our views, not those of the Governor, nor of Britain. That much must be conceded. A rebuff for them could also be interpreted as a rebuff of our community. But a continuing dialogue would be an expression of faith in the existing order and in our future.

## LIAISON GROUP WILL NOT DISCUSS HONG KONG REFORMS

HK040455 Hong Kong HONG KONG STANDARD in English 4 Mar 86 p 1

[By David Wong]

[Text] Latest signs have emerged that British and Chinese diplomats will not discuss the touchy issue of political reforms in Hong Kong in the Joint Liaison Group meeting next Tuesday.

There has been much speculation during the past week that the subject of political reforms might make the agenda. Some reports have even said the two governments might take the opportunity to discuss some of the proposals outlined in the Green Paper on political reforms. But sources said yesterday the reports were purely "speculative." They said there appeared to be a conscious effort on both sides to produce an atmosphere of harmony after the "political bombshell" dropped by China's top representative, Mr Xu Jiatun, in November when he said "somebody had deviated from the Joint Declaration."

Both sides have decided that Hong Kong cannot afford a repetition of the confrontational atmosphere that clouded the territory after Mr Xu's remarks. Political reform was one of the major topics on the agenda of the Joint Liaison Group when British and Chinese diplomats met in Beijing in November. It was learnt that the British side initially rejected Chinese demands to have the issue discussed by the diplomatic body, prompting the Chinese Government to exert pressure on Britain. And Mr Xu's warning did generate political turmoil. The stock market took a dive and the British later gave in.

It is understood that both sides have agreed there should be a convergence of political reforms in Hong Kong and the drafting of Basic Law here, according to unconfirmed reports. Sources told THE STANDARD yesterday they did not expect to discuss political reforms at next week's meeting as "there is really nothing new to discuss." Apart from the status of Hong Kong in the General Agreement on Tariffs and Trade, sources said the British and Chinese diplomats would also list the priorities in handling Hong Kong's bilateral trade agreements with other countries. A key issue at the meeting will be the Certificate of Identity (CI), the travel document for about 960,000 people here.

Sources said the head of Hong Kong and Macao Affairs Office, Mr Ke Zaishuo, and his delegation will arrive here on Sunday. The British team led by Dr David Wilson will arrive on Saturday. The meeting is scheduled to be held between March 11 and 14.

## Commentary on PRC Attitude

HK050459 Hong Kong HONG KONG STANDARD in English 5 Mar 86 p 7

["Comment" by Yau Shing-mu: "China Finds GATT a Thorny Issue"]

[Text] The Sino-British Joint Liaison Group (JLG) will meet here on March 11 for four days of talks on Hong Kong's continued participation in the General Agreement on Trade and Tariffs (GATT) after 1997. China strongly favours continued participation. However, this means Hong Kong will have to join GATT as a full member -- unless China joins GATT. Presently, Hong Kong participates through Britain's membership and Britain is prepared to sponsor membership for the post-1997 territory. So what is there to discuss and why are they finding it such a thorny issue?

The underlying principle is one of sovereignty. After 1997, Hong Kong reverts to Chinese rule. In theory, it means China has overall and final say in Hong Kong's external relations, whether in trade or foreign affairs. Although there is a 50-year no-change clause in the Joint Declaration on Hong Kong's future, any international agreement extending beyond 1997 bites into this sovereignty. In the eyes of the Chinese, it becomes a "sensitive" issue. For China to allow Hong Kong membership in GATT may be misconstrued by other parties as granting the territory "full autonomy" in external trade relations.

This stems from the membership clause in GATT which states: "If any of the customs territories, in respect of which a contracting party has accepted this agreement, possesses or acquires full autonomy [preceding two words published in italics] in the conduct of its external commercial relations and of other matters provided for in this agreement, such territory shall, upon sponsorship through a declaration by the responsible contracting party establishing the abovementioned fact, be deemed to be a contracting party." In this case, Britain is the contracting party. China is not a member; otherwise the question would be simpler. China, however, has indicated its desire to join GATT, but the question is whether this can be achieved within the next 11 years. So it will have to be Britain that has to confer "full autonomy" on Hong Kong (the customs territory) before Hong Kong can be a contracting party on its own. This is what makes the issue "sensitive."

China cannot afford to be seen surrendering sovereignty to Britain again. Nor would it want this to be interpreted as such by others. There are other possible complications. If Britain conferred "full autonomy" in "external commercial relations" on Hong Kong, does it mean the territory can negotiate with China on an equal footing as its trading with other countries when it comes to quotas or other non-tariff barriers? Because, with full sovereignty in Chinese hands, it would obviously be able to impose such barriers on Hong Kong.

And what would Hong Kong's position be if China, for political reasons, decided on a trade embargo against another GATT member? Can Hong Kong, then, refuse to go along with China's policy?

Finally, will "full autonomy" in external trade relations for Hong Kong enhance the powers of the post-1997 Special Administrative Region government, beyond that provided by the Joint Declaration? These are some of the questions that both sides will be exploring. They underline, once again, the unique situation Hong Kong is in. There are no precedents so there is no question of anyone going through old treaties or trade agreements for answers. But there is a fund of goodwill because China is keen on Hong Kong's continued participation in GATT. China has studied the issues carefully and has asked Britain for clarification of the term "full autonomy." The British side is expected to explain this at the forthcoming meeting.

GATT involves some 90 nations. It was set up in 1948 to expand world trade by removing tariffs and other barriers. It is committed to free and fair trade. All the major industrialised Western nations and Japan are members. The two notable non-member states are China and the Soviet Union. GATT also acts as an umpire in trade disputes between member states. The greater part of the war against rising protectionism is fought out at GATT conferences. The last round was held in 1982.

A ministerial meeting scheduled for September will decide whether another round of talks is necessary. Most members want another round of talks, with trade in services -- insurance and banking -- as the key issue. This is an issue close to Hong Kong's heart.

## POLITICAL IMPLICATIONS OF PRC-TAIWAN TRADE VIEWED

HK030327 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 3 Mar 86 p 1

[By Paul Sham]

[Text] China's indirect trade with Taiwan has been described by a prominent Taipei research body as largely free of political motivation on Beijing's part.

The ECONOMIC QUARTERLY, published by the Chung Hua Institution for Economic Research, a government-funded body set up four years ago to study China's economy, also said in its latest issue that trade between China and Taiwan could help the island's drive to upgrade its industry if the opportunity is skilfully exploited. An article prepared by the institute's associate researcher, Mr Chang Yeung Fung, said politics were not the deciding factor in China's purchases of Taiwanese goods during the years 1979-83.

In the same way that China bought products from Hong Kong, South Korea and Japan during that period, its purchases were designed to meet the country's growing needs under the open-door policy. Quoting intelligence sources, the report said China set a figure of HK$550 million for "political purchases" of Taiwanese products in 1984, but the figure eventually accounted for only 16 percent of its total imports from Taiwan in that year. The remaining $2.8 billion worth of Taiwan made products which entered China were apparently bought for their competitive prices. Emphasising this point, the author said if two-way trade was conducted without Taipei's present political restrictions, China would purchase large quantities of light industrial materials and consumer goods from Taiwan.

An analysis of present and potential trade patterns showed the major Taiwanese goods currently flowing into China would be the same products the mainland would want to purchase if relations between the two countries were normal. The author suggested this is evidence China's purchases from Taiwan are more to meet the mainland's economic needs than for political reasons.

In normal trading conditions, Taiwan could promote sales of more advanced products, such as turnkey plant and motor vehicles, to China, which in turn could help to spur Taiwan's industry to move to the next technological level. At present, purchases by China serve Taiwan only by absorbing products from those industries the Taipei Government does not wish to expand, the author said. The China market could act as a buffer zone, providing Taiwan with the time and capital needed to accomplish its goal of industrial upgradation.

The author cautioned, however, that China's political motives should not be under-rated. China, he pointed out, has been responsible for creating two-way trade between the two countries even though the Taipei Government would like to avoid it. Under Taipei's current policy towards China, there is no direct contact, and extensive exploitation of the Chinese market by Taiwanese firms is unlikely. More aggressive marketing in China, covering areas such as turnkey plants, would require exchanges of personnel, lengthy negotiations and technical consultation.

The report suggested three strategies to avoid political manipulation by Beijing in the future and to make the most of indirect trade:

-- Accelerate the upgrading of Taiwan's industries.
-- Encourage more investment in overseas plants by Taiwanese industries.
-- Introduce an "early warning" system to monitor the development of indirect trade between the two countries.

The first measure would aim at widening the technology gap between Taiwan and China to make any boycott of Taiwan-made products costly for China, therefore prompting it to think twice before taking any action. Spreading Taiwan's production base to other countries, as proposed in the second measure, would make any boycott by China complicated and difficult because it would involve a third country. The third proposal is designed to establish limits to indirect trade with China -- any trading beyond the limit would attract penalties such as heavy taxation and complicated export procedures.

The standard would be set according to intelligence about China's foreign exchange reserves, import management, market situation and government policy toward Taiwan. Competition from China at the diplimatic and economic levels is real and forceful and indirect trade is just the beginning, the author warned. Failure is unavoidable if Taipei bases its policy on the illusion that China remains in a state of ignorance and stupidity, he said.

## PRC FOREIGN EXCHANGE TO STAY AT $14.5 BILLION

HK020511 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 2 Mar 86 p 1

[By Carolyn Leung]

[Text] China will be able to maintain its foreign exchange reserves at US$12.5 billion this year, according to a top official. Mr Chen Quangeng, chief of the policy research division at the State Administration of Exchange Control, told a joint investment conference organised by the Accounting Society of China and the Hong Kong Society of Accountants in Guangzhou, that China's existing foreign exchange reserves were enough to meet five months' import costs. China's foreign debts total US$20 billion, of which foreign borrowing and direct investment account for US$14.7 billion and US$5.3 billion.

"With a consolidated economic foundation and a consistent expansion of export trade and tourist industry, China will undoubtedly experience a steady increase in our foreign exchange income, thereby raising its ability to pay for imports and repay loans," said Mr Chen.

China wants to increase its industrial and agricultural output from 710 billion renminbi in 1980 to 2,800 billion renminbi in 2000. The total value of imports and exports last year was double the 1978 total.

"Based on the principles of independence and self-reliance, as well as mutual benefit and equality, we shall enhance our economic and trade ties and technological exchange with all countries to achieve by 1990 a 40 to 50 percent annual growth in trade," said Mr Chen.

In order to balance foreign exchange spending, the China International Trust and Investment Corpn (CITIC) has already set up three holding companies to act as clearing houses for their subsidiary companies. Mr Jing Shuping, president of China International Economic Consultants Inc, said those subsidiaries could clear their foreign exchange balances themselves. That meant companies with excess foreign exchange income could subsidise those without large exporting power but which were still essential for the development of China. "China imports a lot of cars," said Mr Jing, a CITIC member. "So we set up some joint venture companies to manufacture cars, but then these joint venture companies have to export their cars to get foreign exchange. That is crazy."

At present, CITIC has already formed three holding companies with Beatrice Food, United Industry Corpn from Singapore and Shandong International Economic and Technical Corpn. "We are looking for joint venture opportunities in many sectors, not just food and beverage industries," said Mr Jing. "Shandong has quite well developed industries. Lots of its goods can be exported if we can increase their quality or improve the technology to reduce the cost. With the holding companies acting as clearing houses for foreign exchange spending, maybe we can spread our export and import system wider. If our holding company system works, it will be adopted by state enterprises."

Mr Jing also said that CITIC was negotiating with China's tax bureau to eliminate the double taxation system to attract more foreign investors. In China, both the holding company and its subsidiary companies are liable for tax.

Since its establishment in 1979, CITIC has issued bonds to raise funds four times, including the $300 million bond issue in Hong Kong last year. "We are always looking for money," said Mr Jing. "We need funds for our seventh five-year plan."

Recently, CITIC formed a banking department to facilitate its funding and investment facilities. Mr Jing said the banking branch would be upgraded immediately as a fully-operational merchant bank if they could recruit enough banking staff. The new bank, to be called China Trust and Investment Bank, will make loans and take deposits from enterprises and individuals. The bank will also engage in transactions involving both foreign and local currencies.

On project financing, Mr Jing said the State Planning Commission had already made a decision to approve any projects with capital over 50 million renminbi. Mr Jing told the seminar that he understood foreign investors' fear of creating a competitor by helping in China's development. "But competition is a good thing. It puts pressure on management," said Mr Jing.

Mr Piers Jacobs, Financial Secretary designate, said Hong Kong would continue to serve as a major entrepot port for China as well as an important source of foreign exchange earnings and of foreign investments, a competitive source of supplies and a significant window faciliting the transfer of technology and skills. "Since 1980, China has once again become the largest market for Hong Kong's re-exports, in addition to its more traditional and important role as the largest as the largest source of goods re-exported through Hong Kong," he said. "We have recently witnessed the rapid growth of Hong Kong's domestic exports to the mainland, which in 1984 overtook Britain and West Germany to become the second largest market for Hong Kong's domestic exports. We also see a rapid increase in the number of business and leisure trips made by Hong Kong residents to China."

Mr Jacobs believed more significant developments would be seen in the expansion of Hong Kong's services in China; in shipping, transport, insurance, freight handling, banking and advertising. On the financial side, Mr Jacobs said Hong Kong would help China seek international loans to finance its development projects. Hong Kong could consolidate its position as a major financial centre in the region by providing financial services and advice to China to ease its entry into international markets through participation in syndicated loans and the issue of bonds and certificates of deposits.

"Besides fund-raising, Hong Kong's financial and related business service sector can also contribute to the improvement of management skills, the provision of expertise and the promotion of technology transfer, especially in relation to computer and information technology."

Speaking on accounting issues for joint ventures and foreign enterprises, Mr Yang Jiwan, vice chairman and secretary general of Accounting Society of China, said it was now working on a draft of "Regulations on Certified Public Accountants" to be promulgated for implementation very soon. Mr Yang said China planned to increase the number of CPAs to 10,000 to meet the domestic demand. However China had no plans to allow overseas accountants to work in the country as CPAs. It was impossible for Hong Kong accountants to be registered as China CPAs before 1997, said Mr Yang. It was too early to discuss whether that was feasible after 1997.